12/16/85 S0930-1-a

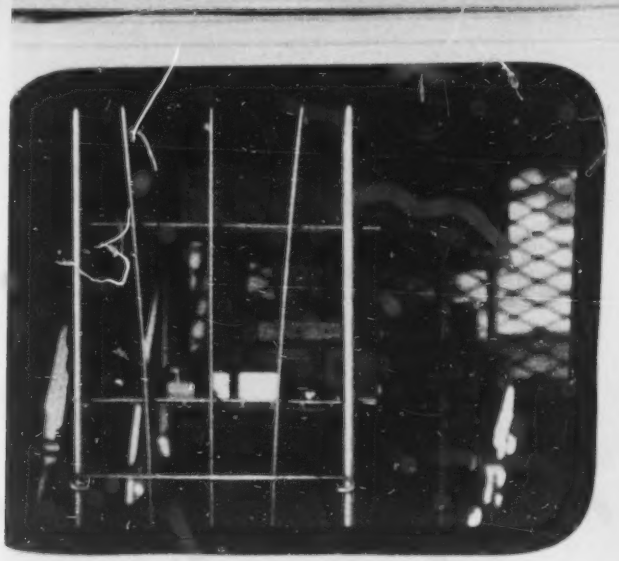
PUBLIC UTILITIES COMMISSION • STATE OF CALIFORNIA • 1983-1984

ANNUAL REPORT

TELECOMMUNICATIONS

TRANSPORTATION

Patricia Murzyn, a systems technician for Pacific Bell in San Francisco, unloads her van before beginning work on a complex telecommunications installation.



PACIFIC BELL

Public Utilities Commission State of California

LEONARD M. GRIMES, JR. President
VICTOR CALVO Commissioner
PRISCILLA C. GREW Commissioner
DONALD VIAL Commissioner
WILLIAM T. BAGLEY Commissioner

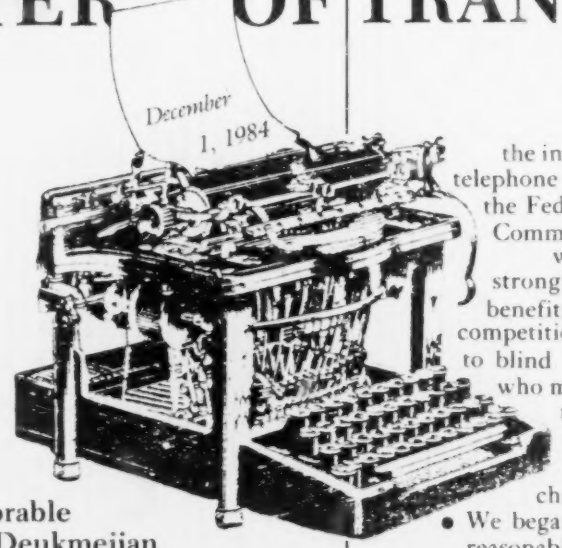
PUC 1983-84 ANNUAL REPORT • EDITOR–WALT THOMPSON
• EDITORIAL TECHNICIAN–GEORGIA JENKINS
• DESIGN AND LAYOUT–GEORGE MICHAEL OLTMAN

PUBLIC UTILITIES COMMISSION STATE OF CALIFORNIA–1983 • 1984 FISCAL YEAR JULY 1983 TO JUNE 30, 1984

CONTENTS

LETTER OF TRANSMITTAL 1
THE COMMISSION 6
ENERGY 12
Decreasing Utilities' Natural Gas Costs 12
Monitoring Purchased Energy Transactions 12
Incentive Plans Cut Operational Costs 12
Changed Mechanisms to Cut Fuel Costs 13
New Schedule Cuts Number of Fuel Cost Offset Proceedings 14
Baseline Energy Allowances Replace Lifeline Allowances 14
Medical Allowance 14
Utility Bills Simplified 14
Ratebase Offset Proceedings 14
Fuel Cost Accounting Mechanisms 15
Nuclear Power Plant Problems 16
SONGS Unit 1 Remains in Rate Base 17
SONGS Units 2 and 3 Start Commercial Operation 17
Diablo Canyon Study Team 18
Last Sundesert Project Issues Resolved 18
Helms Creek Pumped-Storage Project 19
Commission Adopts Three-Year Rate Case Plan 20
Mother Nature Eases Rate Increases: Southern California Edison Co. 20
Alternative Energy Sources Continue Development 20
Investigation into Limitations on Transmission Capacity 21
PG&E to Improve Geothermal Capacity 22
Edison Hydro Project On Schedule 22
Edison Reopens Transmission Line Application 22
Environmental Concerns: Southwest Powerlink and Devers-Mirage Projects 23
Ratemaking in a Changing Economy: Effect of Economy on Utilities' Construction Financing 23
Shelf Registration Program 23
Leveraged Preferred Stock 23
Nuclear Fuel Financing 24
Pollution Control Equipment Financing 24
Regulatory Lag Plan 24
Rate of Return 25
Effects of Tax Law Changes 25
Statistical Model Forecasts Nuclear Plant Operating and Maintenance Costs 26
Wage Increases and Nonlabor Inflation 26
Utilities Employees Pensions and Benefits Studied 26
Medical Insurance Plan Expenses 26
Female/Minority Business Enterprise Program 27
Conservation — Saving Gas and Electricity in 1983 27
1983 Energy Savings 27
Commercial-Industrial-Agricultural Use Audits 27
Zero and Low Interest Residential Conservation Loans 28
Gas Furnace Pilot Light Turn-Off Program 28
Conservation Voltage Regulation 28
Load Management 28
Swimming Pool Pump Program 29
Solar Water Heating Demonstration Program 29
Energy Service and Safety 29
New Meter Test Plan Saves Money 29
Heating Value Standards Updated 29
New Techniques Create Savings 30
Hydrogen Sulfide Leak Imperils Gas Customers 30
Second Hydrogen Sulfide Leak 31
Gas Pipeline Safety Program 31
Master Meter Termination Program Continues 31
Electrical System Failures 32
Improved Building Standards for Electric and Telephone Utilities 32
Electric Line Undergrounding 33
TELECOMMUNICATIONS 36
Bell System Breakup 36
Deregulation of Customer Premises Equipment 36
Moore Universal Telephone Service Act 36
PUC Investigation Into Long Distance Competition 36
Access Charges 37
Federal Access Charges 37
Radiotelephone Utility Certificate Requirements Eased 38
Federal Joint State Board on Separations 38
Cellular Radio Advances 38
New Fiber Optics to Serve Los Angeles Olympics 39
Rate Cases 39
Pacific Bell 39
AT&T 40
General Telephone 40
Citizens 41
Continental Telephone 41
Small Independent Telephone Companies 41
Services for Disabled Persons 42
WATER 43
Water Utilities Data File 43
Effect of MWD Rate Increase 45
New Law Exempts Some Entities 45
TRANSPORTATION 46
Transporting Passengers and Property 46
Federal-State Safety Participation Program Wins Acclaim 46
The Commission Opposes Railroad Abandonment Plan 46
Commission Overcomes Safety Compliance Challenge 46
Rail Rapid Transit Systems 47
Commission Advocates "Lifeline" Bus Services in California 47
Greyhound Loses Fight to Abandon Bus Services, But Wins Fare Increase 47
SF Peninsula Rail Service Improvements 47
CPUC Authorizes New Commuter Bus Services 48
CPUC Authorizes New Airport Access Bus Services 48
Collective Ratemaking 48
Highway Common Carrier Certificate Application Process Streamlined 48
Automation Increases Program Efficiency 49
Rate Reduction Program 49
Regulation of Bulk Agricultural Commodities 49
Fresh Produce Minimum Rate Tariff Cancelled 49
Minimum Rates for Livestock Transportation Retained 49
Train Accidents Increase 50
Accidents Decline at Railroad Grade Crossings 50
Round-Trip Sightseeing Certificates Cancelled 50
ORGANIZATIONAL FUNCTIONS 51
STATISTICAL SECTION (Utilities) 57
STATISTICAL SECTION (Transportation) 64
APPENDIX 70

LETTER OF TRANSMITTAL



The Honorable
George Deukmejian
Governor of California

For the Public Utilities Commission, 1983–84 was a year of unprecedented change in many of the industries we regulate. Again and again, we dealt with issues of how best to protect and serve the California consumer, seeking, as always, to find the proper balance between government regulation and the stimulus of marketplace competition. For example:

- We continue to deal with the multiple consequences of the Bell Telecommunications System breakup. We have processed complex requests for rate increases. We have administered a new state law providing low-cost telephone service for low-income Californians. We have repeatedly struggled to decide what classes of telephone customers should pay how much for which services. We have sought to protect the interests of California telephone customers before the Federal Communications Commission (FCC), where we have advocated strongly that the assumed benefits of telecommunications competition must not be allowed to blind us to the needs of many who may not benefit from the restructuring of the industry or the acceleration of high-technology change.
- We began our investigation of the reasonableness of the $4.5 billion construction costs of units 2 and 3 of the San Onofre Nuclear Generating Station (SONGS) and the $5 billion cost of the Diablo Canyon Nuclear Power Plant. To do this we assembled special teams of top staff members, who work closely with expert consultants.
- We worked hard to encourage the marketplace pressures that have been driving down the cost of natural gas to California consumers, and we are proud that many of our efforts, together with those of the California utilities that buy gas from out-of-state producers, have begun to reduce gas prices.
- We prepared for detailed, formal hearings on what future course trucking regulation should take in California, considering a range of options from close regulation to virtual deregulation of major portions of the industry.

Our workload will not soon lighten. Before us are two nuclear power plant cost prudency reviews, further telecommunications divestiture work and natural gas wellhead deregulation. Facing us also are our continuing responsibilities for rate case processing, fuel adjustments, independent power production pricing, conservation, and transportation. We have evaluated our priorities carefully in order to focus our attention on the most important issues and to reduce our commitments on others. For example, because of workload requirements, we decided, reluctantly, to stretch the period between rate cases from two to three years. We improved the capabilities of our staff by reorganizing existing divisions, introducing new computer technology and recruiting talented new employees.

In view of all the controversial matters before us, the Commission has spent more time than ever in public hearings listening to the views of all parties to our proceedings. To implement the Moore Universal Telephone Service Act, Commissioners traveled throughout California to hear citizens' concerns. In the Southern California Edison Company (Edison) General Rate Case, we scheduled three extra days of oral arguments in order to clarify and sharpen issues. Also, we have held several legislative-type hearings to provide the Commission with an overview of industry directions. These public hearings have complemented the rigorous administrative hearing process routinely used by the Commission to test evidence and expert opinions in our cases.

Our cases have generated increasing consumer interest, and our efforts over past years to encourage greater consumer participation are bearing fruit. Our decision to require San Diego Gas

and Electric Company (SDG&E) to circulate notices for the Utility Consumer Action Network (UCAN), a San Diego-based consumer group, has helped that group to become an active participant in our proceedings. The passage of Senate Bill 4 greatly enhanced the Commission's ability to provide attorney and expert witness fees for valuable contributions made by participants who demonstrated financial hardship. By passing this measure, the California Legislature clarified the Commission's authority in this area. Our Public Advisor's office is now in full operation, helping consumers to understand our procedures and to participate in our decision-making process.

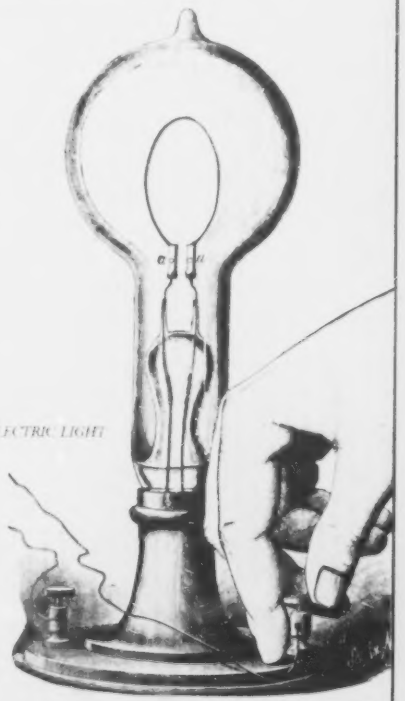
Telecommunications

On January 1, 1984, the American Telephone & Telegraph Company, (AT&T), the largest corporation in the world, divided into eight new companies, and the "Bell System" divestiture was history. In California, Pacific Telephone, the AT&T subsidiary providing telephone service in California, became Pacific Telesis Group, an independent company. Pacific Bell, a Pacific Telesis subsidiary, now provides telephone service in California. AT&T is still present in California, but provides only intrastate long distance service and telephone instruments, but not local exchange service. Numerous new competitors have joined AT&T in these markets.

The revolution in telecommunications presents this Commission with some very difficult choices in 1983–84:

- The Commission decided to preserve the local telephone utility monopoly over local toll service. This will ensure some market stability in the face of changes wrought by the Bell System divestiture. Such stability will, in turn, provide the Commission with the opportunity to monitor changes in the telecommunications industry and to prevent the erosion of universal telephone service.
- The Commission assessed an access charge on AT&T Communications (AT&T-C) and new long distance providers for connection into the local system. The level of access charges—charges which contribute to the cost of building and maintaining a plant—will remain a controversial issue for many years to come.
- The Commission increased local rates for most telephone companies, including Pacific Bell and General Telephone, but attempted to keep the basic monthly charge as low as possible.
- The Commission implemented the Moore Universal Telephone Service Act, creating a discount telephone service for low-income customers.
- The Commission certificated cellular radio service in Los Angeles. This service offers the prospect of lower cost and higher quality mobile telephone service.

In addition to the important cases before us, the Commission vigorously intervened in Washington, D.C., before the FCC, the Courts and in Congress. Our unyielding stance in Washington is that the federal government must not lose sight of the benefits of universally affordable telephone service in its efforts to promote competition. Citizens have come to rely on telephone service as a lifeline, and the benefits of the existing system must not be sacrificed.



THE EDISON ELECTRIC LIGHT

Electricity

Californians, especially Northern Californians, have enjoyed a "hydro-holiday" for two years. Thanks to abnormally high rain fall, we have been able to lower rates to reflect greater reliance on low-cost, hydro-produced electricity. Unfortunately, as winter rainfall declines utilities tend to use more expensive fossil fuels to generate energy, and these increased fuel costs may be passed along to ratepayers. Pacific Gas and Electric Company (PG&E) rates will increase about 5.5 percent due to these costs. Southern California Edison's rates could increase by 7.2 percent in FY 1984

–85 based on this same fuel cost pass-through. In addition to San Onofre and Diablo Canyon Nuclear Power Plants, already mentioned, the Commission is reviewing the cost prudency of other plants, including PG&E's $1 billion Helms Pumped-Storage Project and Southern California Edison's $1 billion investment in the Palo Verde Nuclear unit in Arizona.

We further refined our small power production regulations this year. This program is now well established with 1300 MW of cogeneration, biomass, wind and geothermal projects now operating and 5100 MW under contract throughout the state.

The Commission continues to direct the utilities' funding of a wide array of conservation and load management programs using ratepayers' monies to help improve the efficiency of energy use and to reduce the long-term cost of electricity in California. We are targeting utility programs to low-income customers not yet served by these programs.

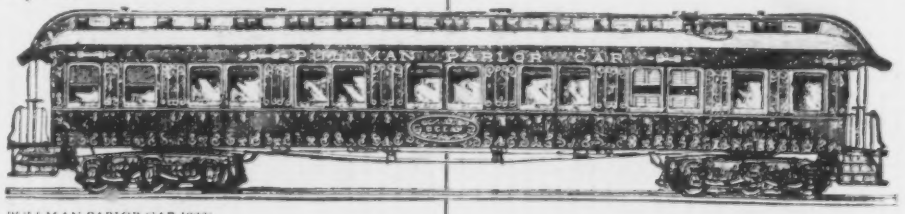
Natural Gas

After years of natural gas rate increases, there is some relief in sight. Thanks to increased natural gas supplies and progress in our interventions before the Federal Energy Regulatory Commission (FERC) and concessions by Canada to flow more low price gas into California, we are beginning to see natural gas rates level out and even fall.

The natural gas industry is in a state of flux as supplies are abundant and producers more aggressively seek the large California market. The Commission instituted a major investigation this year to determine whether to allow "contract carriage" which would permit individual purchasers to acquire gas supplies directly from producers and to transport those supplies through utilities' distribution systems for a nominal transportation fee. We are also reexamining rate design, seeking to set rates low enough to keep large customers from switching from natural gas to fuel oil, but high enough to have these customers still contribute to the fixed costs of the utility system.

Two California utilities filed to recover their costs on the Point Conception (LNG) Terminal. The utilities invested $400 million in development costs, but the facility is not needed at this time. The Commission decided to allocate these costs between stockholders and ratepayers, with the utilities covering their actual investment but not their interest costs.

If the LNG facility had been completed it would have been very expensive, given current natural gas market projections. Fortunately, Californians can rely on lower priced supplies of domestic and Canadian gas for the next several years.



PULLMAN PARLOR CAR 1880's

Transportation

The Commission effectively cushioned the effects of federal transportation policy by intervening before the Interstate Commerce Commission (ICC) to require Greyhound Lines to continue to provide bus service to about 100 outlying areas. Under the federal Bus Regulatory Reform Act of 1982, Greyhound was able to propose line abandonments to the ICC, but the Commission successfully challenged Greyhound's proposal before the ICC thus allowing service to these small communities to continue.

We also served as the lead agency before the ICC and intervened vigorously in federal court to save rail transportation service on the Northwestern Pacific Railroad line running between Willits and Eureka, in the face of proposed abandonment by the Southern Pacific Transportation Company. These efforts led to a court-ordered repair of the line and a purchase agreement whereby SP will sell that part of the line to a new operator, thus preserving the only railroad serving the north coast lumber industry.

We continue to review our transportation regulation program. The Commission eliminated minimum rates for fruit and vegetable freight, but maintained a rate floor for livestock. A major investigation on general freight is underway to determine whether to reinstate minimum rates or otherwise revise regulation of that service.

PUC Management

Even with additional complex duties and responsibilities, the Commission staff has not grown over the past three years. Instead the Commission has streamlined its administrative procedures in order to maximize the use of existing resources and to cut the time for making decisions.

We have improved our performance by:

- **Staff Reorganization:** To streamline administration and clarify responsibilities, three divisions have been reorganized into two new divisions.
- **Greater Use of Computers:** We have installed a new case information system and have introduced the use of micro computers for professional staff.
- **Recruiting:** As the job market has improved, many valuable staff members have left this Commission for higher salaries in the private sector. We have recruited vigorously to maintain a high quality professional staff.

The Public Utilities Commission may never win a popularity contest. Ratemaking is too controversial, with too many difficult tradeoffs for anyone to be fully satisfied with our decisions. However, by continuous innovations in regulatory policy, administrative procedures and Commission management, we believe we can maintain our reputation as a progressive, forward-looking and fair regulatory agency.

Public Participation

Public interest in the PUC decision-making process has continued to increase each year. Increases in gas and electric bills, as well as the many changes brought about by divestiture, have prompted ratepayers to become more vocal about their concerns and more interested in participating in the PUC ratemaking process.

Public Advisor Appointed

In response to this increased public concern, the Legislature directed the PUC to appoint a Public Advisor to encourage and facilitate effective public participation. The Commission appointed a Public Advisor in 1983 and has now established an Office of the Public Advisor. This office helps members of the public to participate in Commission proceedings and serves as a liaison to public interest organizations.

A growing number of California ratepayers and public interest organizations are seeking assistance from the office. The Public Advisor provides information about issues, schedules and procedures. When appropriate, the office advises members of the public on participation strategy and assists with filings, including intervenor funding requests. The statute directs the Public Advisor to advise the Commission on procedural matters relating to public participation. Organizationally, the Public Advisor reports to the Commissioners through the President's office.

Billing Envelope Decision

As reported in the Commission's 1981–82 Report to the Governor, the PUC ruled in 1981 that the space in a utility's monthly billing envelope still covered by required postage after bills have been inserted has economic value. According to the PUC decision, this value should go to ratepayers, since they pay the cost of a utility's billing and mailing.

In response to a complaint against SDG&E by the San Diego Center for Public Interest Law, the PUC issued Decision 83-04-020 in the Spring of 1983. This decision permitted the Utility Consumers Action Network (UCAN), a San Diego-based consumer group, to place its organizational material in SDG&E's billing envelopes four times a year to solicit funds from residential ratepayers. The PUC order, approved on a two-year experimental basis, allows UCAN to use SDG&E's extra billing envelope space to solicit funds from residential ratepayers to be used to organize on behalf of consumers as a non-profit group with a board of directors elected by ratepayer members. The directors will hire a professional staff to represent members in PUC proceedings, educate them about utility matters and help individual complainants against SDG&E. The experiment is well underway. Over 51,000 recruited members had donated some $255,000 by January 1984.

In May 1983, Toward Utility Rate Normalization (TURN), a San Francisco-based consumer group, requested access to PG&E's monthly billing enve-

lope to solicit donations from residential ratepayers. The Commission decision approving TURN's request, modified by a subsequent decision, was appealed to the California Supreme Court by PG&E. A Supreme Court decision is pending.

Intervenor's Attorney Fees Awarded

Under a previously adopted PUC Rule of Practice and Procedure, the Commission awarded attorney's fees and costs to TURN last fiscal year. Under the PUC rule, public participants in Commission electric, gas and telephone rate proceedings who substantially contribute to the adoption of an issue in a decision, and who otherwise qualify, are eligible to receive compensation to cover their costs and fees. The PUC awarded attorney fees and costs to TURN in separate PG&E gas and electric rate offset proceedings. These awards were stayed, however, until the California Supreme Court issues a final order on appeals by PG&E of the PUC decisions. Oral arguments were held before the court on June 6, 1984. A final order is expected in the next fiscal year.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
Commissioner

PRISCILLA C. GREW
Commissioner

DONALD VIAL
Commissioner

WILLIAM T. BAGLEY
Commissioner

THE COMMISSION

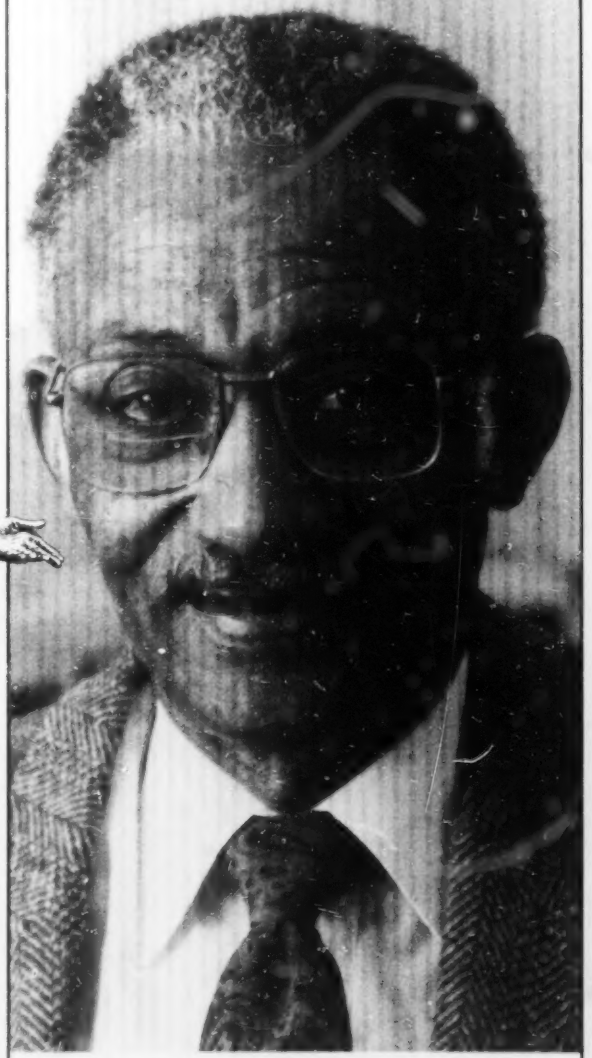
Commissioner Grimes was appointed to the PUC for a six-year term by Governor Edmund G. Brown, Jr. on January 26, 1979. In December 1982, he was elected Commission President for a one-year term.

Before his appointment to the PUC, Commissioner Grimes was the Secretary of the State and Consumer Services Agency, a state Cabinet post he held for two years.

Prior to the Agency Secretary position, he was appointed Director of the State Department of General Services where he served from 1975 to 1977.

Commissioner Grimes was born in Los Angeles in 1923 where he lived until moving to Sacramento. He served in World War II in the Pacific, receiving an honorable discharge in 1946. He graduated from the University of Southern California with a B.S. degree in Business Administration in 1952, while working for Golden State Mutual Life Insurance Company, the largest Black-owned life insurance company in the Western United States. Before entering state service, he was vice president of Golden State Mutual (GSM).

His work with GSM ranged from public relations and advertising to business systems (including installation and management of the company's computer operations), purchasing, property management, general corporation, administration and services. He was a member of and worked with many community organizations either as an officer or an advisor. Commissioner Grimes is a registered Democrat.



LEONARD M. GRIMES
President

Victor Calvo was appointed to the Public Utilities Commission on February 19, 1981 for a six-year term by Governor Edmund G. Brown, Jr. He is a lifelong resident of Santa Clara County, educated in local public schools. He served as a combat pilot in World War II, and received a B.A. degree in Political Science from Stanford University.

Vic Calvo served the City of Mountain View for a total of 11 years—first as planning commissioner, then as a city council-member, and later as mayor. He then served for six years as Santa Clara County Supervisor and was also the Board's representative to the Bay Area Air Pollution Control District and the Executive Committee of the Association of Bay Area Governments. He also was chairman of the Urban County Division of the National Association of Counties.

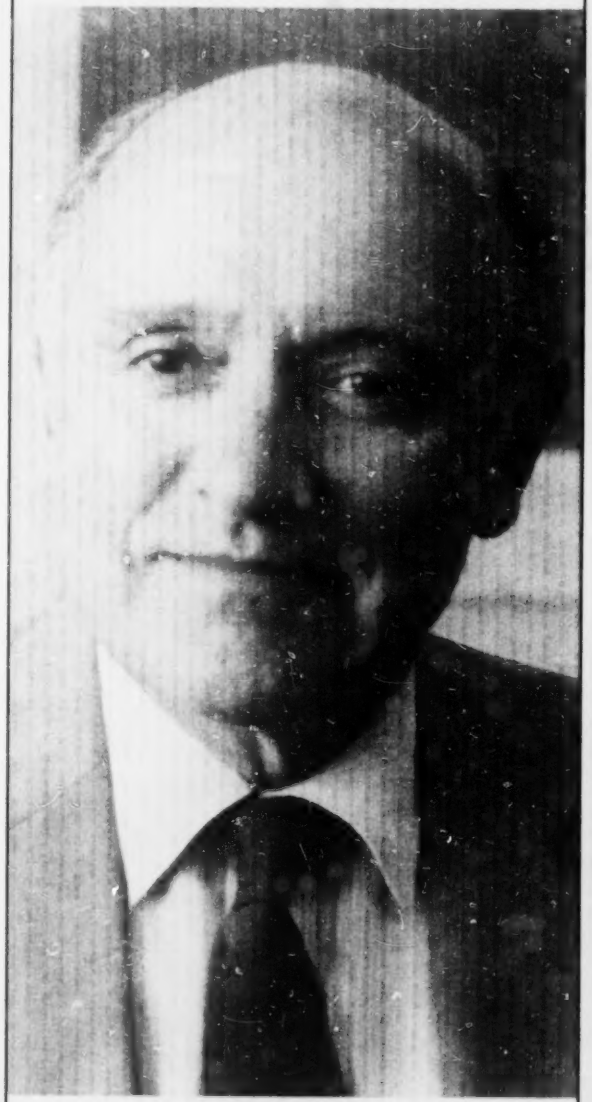
Vic Calvo was elected to the Assembly in November 1974, reelected to a second term in November 1976, and a third term in November 1978. He represented the 21st Assembly District which includes northern Santa Clara County and a portion of southern San Mateo County.

After two years, he was appointed Chairman, Assembly Resources, Land Use & Energy Committee. One of the major committees in the Assembly, this committee deals with the vital issue of state energy policy.

Vic successfully legislated in a diversity of legislative areas of interest—having over 50 measures signed into law. His major bills were in the areas of business, energy, environment, social welfare, transportation and education.

His work outside of government includes general investments and sole ownership of a retail lumber and building material yard. He also was recently elected to the Board of Directors of a local bank.

He is married to the former Nellie Quintero. They have five children: Suzanna, Victor, Peter, Theodore and Mary.



VICTOR CALVO
Commissioner

PRISCILLA C. GREW
Commissioner

Dr. Priscilla C. Grew was appointed to the PUC on March 25, 1981 by Governor Edmund G. Brown, Jr. for a six-year term.

From 1977 to 1981, Dr. Grew was Director of the California Department of Conservation which regulates oil, gas and geothermal well operations and performs geothermal resources assessments in the state.

She chaired the State Geothermal Task Force in 1977–78 which formulated recommendations to accelerate geothermal development in California. Her experience in the geothermal energy field also includes service from 1972 to 1977 as a consultant and visiting staff member at the Los Alamos Scientific Laboratory, where she worked on geological aspects of the innovative hot dry rock technology.

From 1971 to 1977, she was Assistant Research Geologist at the Institute of Geophysics and Planetary Physics at UCLA. Her research has included studies of metamorphic rocks, earthquakes, and coal resource development in the Colorado River Basin.

Dr. Grew received her Ph.D. in Geology from the University of California, Berkeley, and her B.A. in Geology from Bryn Mawr College. She has taught geology and environmental studies at Boston College, U.C. Davis and UCLA.

Dr. Grew serves on the National Research Council Board on Mineral and Energy Resources and the National Advisory Committee to the U.S. Geological Survey.

DONALD VIAL
Commissioner

Commissioner Donald Vial was appointed to the PUC on December 21, 1982 by Governor Edmund G. Brown, Jr. to a six-year term.

Prior to his PUC appointment, Commissioner Vial served for seven years as Director of Industrial Relations for the State of California, and member of the Governor's Cabinet.

Following military service in Europe during World War II, he returned to California to complete his education at the University of California, Berkeley. He received a B.A. degree in Political Science and a Masters degree in Economics.

Commissioner Vial held various positions, ranging from Labor Economist to Director of Research and Education in the 13 years he was employed with the California Labor Federation, AFL-CIO, and its predecessor, the California State Federation of Labor, AFL.

In 1964, he combined the fields of education and labor to become Chairman of the Center for Labor Research and Education at the Institute of Industrial Relations on the Berkeley campus of the University of California, where he remained until 1975.

Commissioner Vial has enjoyed several gubernatorial and legislative appointments in the past, such as, Chairperson of the Program Advisory Committee to the California State Office of Consumer Counsel, 1963–66; Member of the Hospital and Related Facilities Planning Committee, 1965–67; and Member of the Advisory Council on Public Employee Relations, 1972–73.

He has served on numerous Boards of Directors; including the Industrial Relations Research Association, the Consumer Research Foundation, KQED, ACLU of Northern California and California Association of Consumers. He belongs to the American Federation of Teachers (inactive status) and is widely published in a number of labor related publications.

Commissioner Vial resides with his family in San Rafael.

WILLIAM T. BAGLEY
Commissioner

William T. Bagley appointed to the PUC on May 4, 1983 by Governor Deukmejian, is also one of the Governor's appointees to the California Transportation Commission.

Commissioner Bagley's public service career began in 1960 when he was elected to the California State Assembly from Marin and Sonoma Counties, where he remained until 1974. Mr. Bagley was a member of the California Advisory Committee of the United States Commission on Civil Rights, and other federal and inter-governmental boards and committees. He was appointed by President Ford as the First Chairman of the Commodity Futures Trading Commission, 1975–1978. He was a San Francisco-based partner in the San Francisco, Los Angeles, Washington, D.C. law firm of Nossaman, Guthner, Knox and Elliott when appointed to the PUC.

Commissioner Bagley graduated from the Boalt Hall School of Law in 1952. He served on the Board of Editors of the California Law Review. His undergraduate activities and studies were crowned by graduation from the University of California at Berkeley, Phi Beta Kappa and valedictorian of his class of 5,000. A member of the California, San Francisco, Marin, and American Bar Associations, he has been admitted to practice before the United States Supreme Court.

Commissioner Bagley has received numerous awards including Sigma Delta Chi's "Freedom of Information" citation, "Legislator of the Year" by the California Trial Lawyers Association, "Most Effective Legislator" by the Capitol Press Corps and the "Golden Bear Award" from the California State Park and Recreation Commission for outstanding contributions to California beaches and parks.

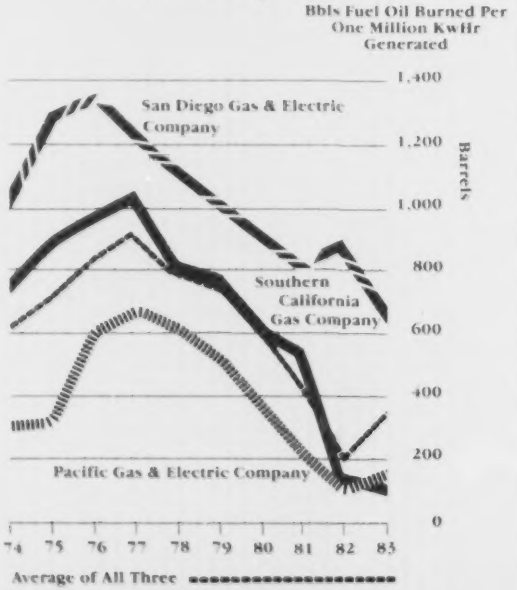
Commissioner Bagley resides in San Rafael with his wife Diane. He is the father of five children.

Decreasing Utilities' Natural Gas Costs

During the 1983–84 Fiscal Year, the Commission continued efforts to slow the increase in natural gas prices by interstate suppliers to utilities under PUC jurisdiction. On December 1, 1982, Transwestern Pipeline Co. asked the FERC for authority to raise natural gas charges to Southern California Gas Company (SoCal). The FERC approved the increase effective June 1, 1983, subject to refund after all the matters were resolved.

Convinced that the price charged SoCal by Transwestern was excessive, the PUC became a party to the FERC proceeding. Transwestern had based its rate increase amount on a projected cost-of-service of $249 million. This Transwestern request exceeded a previous one by some $70 million and that case had not been resolved. The Commission staff was a major voice in numerous technical settlement conferences at which the principal issues were the reasonable level for Transwestern's cost of service and the appropriate forecast of sales over which the supplier's cost of service should be collected.

Fuel Oil Portion of the Mix Needed to Generate One Million KwHr of Electricity



Monitoring Purchased Energy Transactions

The PUC early last year ordered its staff to monitor Southern California Edison Company's natural gas purchase commitments. The PUC also directed its staff to monitor Edison's energy purchases, and how the utility coordinated its maintenance operations with other members of the California Power Pool. In January 1984, the PUC staff began monitoring the utility's purchased power transactions to see if it was buying maximum quantities of cheaper energy. The staff later expanded this activity to include PG&E, SDG&E and Sierra Pacific Power companies (SPP).

The monitoring program, still undergoing changes, involves making random, unannounced inspections of utilities' dispatching centers to observe operations and to audit procedures and records. The staff independently verifies purchase records with other sources, whenever possible. If a utility's operational procedures are found to be unreasonable, the staff recommends appropriate disallowances to the Commission.

Incentive Plans Cut Operational Costs

The California PUC is one of a dozen U.S. regulatory commissions to adopt incentive plans to encourage efficient operation of utilities' generating resources. The PUC's first plan, adopted in July 1981, was applied to Edison's coal-fired power plants. The Commission adopted a second incentive plan in March 1984 for Edison's San Onofre Nuclear Power Plant Unit No. 2. In this

plan, a performance standard is used in a formula that converts recorded annual gross capacity factors (GCF) to dollars of either penalty or reward. When the GCF falls below 0.55, or above 0.80, an amount of penalty/reward is assessed based on the amount and cost of fuel replaced/displaced. Such amounts are equally allocated between ratepayers and shareholders.

Changed Mechanisms to Cut Fuel Costs

A December 1979 study ordered by the PUC led to a subsequent Commission decision which substituted the Energy Cost Adjustment Clause (ECAC) tariff provisions for each major electric utility for the old Fuel Cost Adjustment (FCA) which had been used since 1972. The December 1980 decision provided three ECAC cases per year. In ECACs, the rates are based on estimated data for the future four-month period and on an Annual Energy Rate (AER) of two percent of projected 12-month fuel costs. The 98 percent balance is placed in a balancing account to be amortized at each ECAC case proceeding.

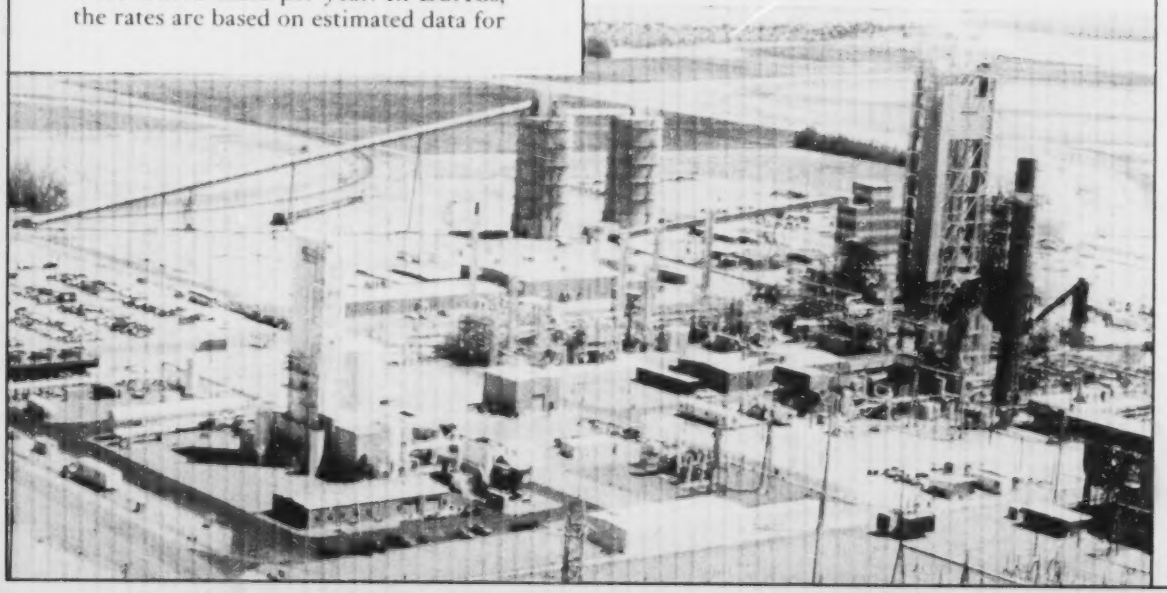
Here is how the AER serves as an incentive for utilities to minimize fuel costs: For the AER portion (two percent) of fuel costs, a fixed amount will be recovered regardless of actual fuel costs. If fuel costs are higher than forecasted, the utilities will recover only 98 percent of the additional costs. If fuel costs are lower than forecasted, the utility in question may keep two percent of the savings.

An April 1982 PUC Order Instituting Investigation (OII) was designed to establish cost-effective programs to reduce oil and natural gas use for Edison's electricity generation. This led to a December 1982 decision that changed the procedure for determining how much of Edison's fuel related expenses can be passed into rates.

Among these changes were that:

- Ten percent of the forecast amount will be included in the AER (formerly two percent).
- The remaining 90 percent will be placed in the Energy Cost Adjustment Clause (ECAC) balancing account and used to calculate the billing factor which would recover the projected account balance over the year.
- A cap of 160 basis points on variation in pretax return on common equity was set to minimize risk.

This Commission decision, which concluded the investigation in August 1983, also set the following AER percentages and basis point cap for three other major electric utilities: San Diego Gas & Electric Company's AER was set at eight percent with a basis point cap of 120 points; Pacific Gas & Electric Company's AER was set at nine percent with a basis point cap of 140 and Sierra Pacific Power Company's AER was set at 22 percent with a basis point cap of 120.



One-Of-A-Kind: Cool Water Coal Gasification Program began operating in June 1984 on the Mojave Desert near Daggett, Ca. Jointly owned by Southern California Edison Co., Texaco Inc., Electric Power Research Institute, Bechtel Power Corp., General Electric Co, and a Japanese consortium, the plant produces a clean synthesis gas which can generate up to 100 megawatts of electricity.

New Schedule Cuts Number of Fuel Cost Offset Proceedings

A September 1982 Commission investigation led to a February 1983 PUC decision revising standards for the filing and content of gas and electric offset rate proceedings. That decision also changed the procedures and schedules for filing offset applications. Among these changes were the following:

- ECAC filings are to be made twice, instead of three times a year.
- The annual reasonableness review ECAC/AER filing must be made once a year.
- The second ECAC filing can be done only if a trigger mechanism is activated, and not automatically.
- An improved regulatory lag plan will expedite the proceeding.

PG&E's annual reasonableness review filing in April 1983 marked the first use of the new schedule. No second ECAC filings have been necessary due to the trigger mechanism. A new review of applications procedure began with Edison's February 1984 filing. Where formerly one or two engineers reviewed and analyzed specific areas of concerns, now an expanded team of engineers, economists, regulatory specialists and auditors perform these tasks to assure adequate review of company operations.

Baseline Energy Allowances Replace Lifeline Allowances

As we stated in last year's annual report, the State Legislature in 1982 amended the Miller-Warren Energy Lifeline Act of 1975. Under the amended law, called the "Sher Bill", lifeline energy allowances were changed to "baseline" allowances. Baseline allowances set the minimum electricity and gas energy needs of the average residential user for all ordinary uses at 50–60 percent of average residential consumption. This change removes some of the leeway the Commission had in setting the old lifeline allowances.

Under the Sher Bill, baseline quantities became effective after January 1, 1984. To lessen customer confusion, the Commission ruled that baseline quantities became effective in mid-May 1984 when the usual changeover from winter to summer rates occurs. The changed allowance became effective for PG&E and SDG&E customers on May 16, 1984, concurrent with the effective date of their general rate case decision. The rate charged for baseline quantities is to be established at 15 to 25 percent below each utility's system average rate unless the required total revenues cannot be generated by such rates.

Medical Allowance

The Commission approved a standard medical allowance of 500 kWh of electricity and/or 25 therms of natural gas in conjunction with the baseline decision. The PUC also approved a hardship clause for medical allowances in cases where the standard medical allowance does not cover qualified medical needs. In such cases, the medical allowance is increased in increments of 500 kWh of electricity and/or 25 therms of natural gas until the medical needs of qualified customers are met.

Utility Bills Simplified

Also in conjunction with its baseline decision, the PUC approved a method for prorating customers' bills to take into account seasonal changes. Proration for PG&E and SDG&E customers also went into effect May 16, 1984. Under this program, customers receive a summer baseline allowance for the first six monthly billings and a winter allowance for the next six months.

Ratebase Offset Proceedings

As work on nuclear power plants by major California electric utilities neared completion, the Commission devoted much time to Rate Base Offset Proceedings. This is a special ratemaking mechanism which considers only major plant additions. The most important uses to which it was put last fiscal year involved Diablo Canyon Nuclear Plant Units 1 and 2 (owned by PG&E) and San Onofre Nuclear Generating Stations (SONGS) Units 2 and 3 (owned jointly by Edison and SDG&E).

Diablo Units 1 and 2 represent an investment of over $5 billion—more than one third of PG&E's total net plant investment. The SONGS Units 2 and 3 represent over $4 billion. Edison's 75 percent ownership share represents approximately one-third of its total net plant investment, and SDG&E's 20 percent ownership interest represents more than one-third of its net plant investment.

PG&E has requested a $296 million annual net rate increase for Diablo Unit 1 in an application filed in June 1984. The Commission granted Edison an interim rate increase of $206.9 million for SONGS Unit 2 in September 1983.

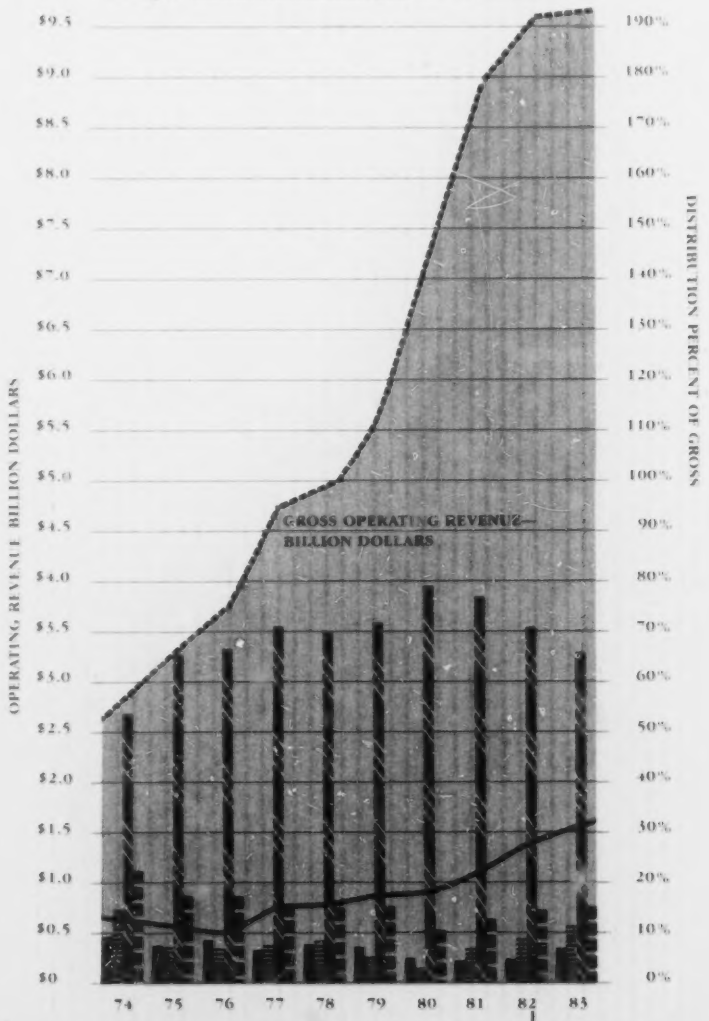
SDG&E was granted an interim increase of $61.7 million. Full PUC scrutiny of the prudence of these investments must precede final rate authorizations in these cases.

The Commission must also apply rate base adjustments in the cases of Humboldt Nuclear Generating Station, Helms Creek Pumped-Storage Project and Kerkhoff Hydroelectric Plant (all owned by PG&E); SONGS Unit 1 and Colstrip 3 (owned by Pacific Power & Light Co.).

Fuel Cost Accounting Mechanisms

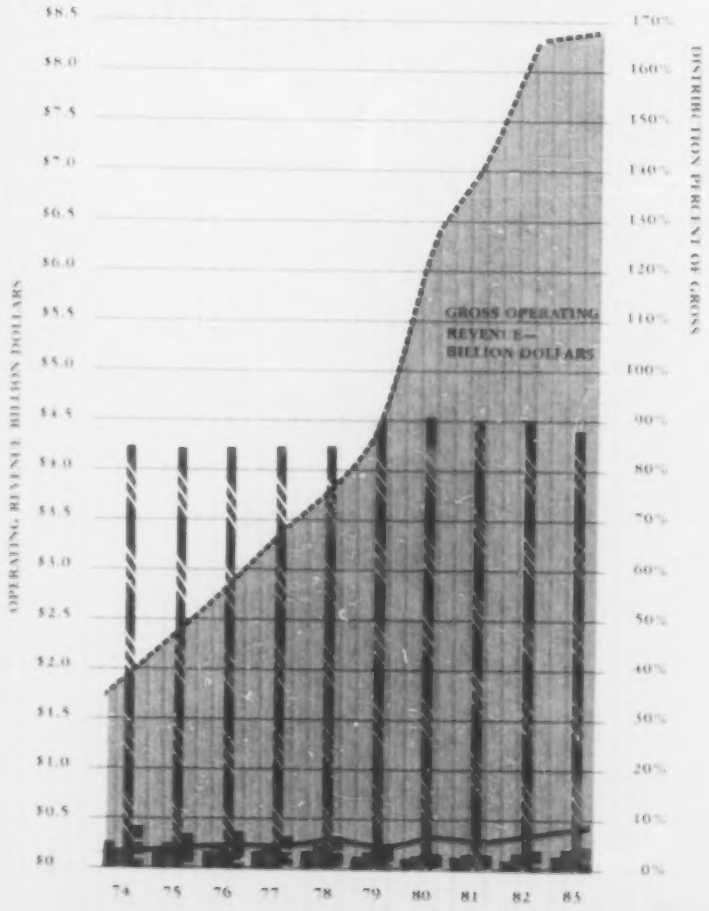
The Commission last year also continued conducting financial audits in connection with the ECAC for the four major electric utilities and the Consolidated Adjustment Mechanism (CAM) for So. Cal. The PUC staff continued investigation of the existing fuel cost recovery provisions for major California electric utilities and made changes to increase utilities' incentive to reduce fuel costs. An August 1983 PUC decision, based on prior staff analysis, effectively increased utilities' financial risk of fuel cost increases and placed limits on the maximum financial exposure.

Distribution of Gross Operating Revenue
Large Electric Utilities in California



NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

Distribution of Gross Operating Revenue Large Gas Utilities in California



NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

Nuclear Power Plant Problems

Cost overruns and construction delays at nuclear power plants continued to be problems during the past fiscal year. The PUC commissioned the management consulting firm of O'Brien-Kreitzberg & Associates to determine the cause of cost overruns and schedule delays of SONGS Units 2 and 3. The management study identified specific issues that indicate some possible imprudence on the part of Southern California Edison Co. further in-depth study is needed. Review of the consultants earlier reports revealed 16 issues for further study. While O'Brien-Kreitzberg & Associates is the prime consultant for this project, its work will be augmented by other subcontractors with expertise in nuclear regulatory matters and quality assurance and control. The Commission has assigned a six-person full-time team of engineers and an attorney to monitor the consultants' work to ensure quality results. This phase of the investigation will be completed by March 31, 1985. Then the PUC will hold public hearings on SONGS and decide the appropriate cost for rate-setting purposes.

SONGS Unit 1 Remains in Rate Base

SONGS Unit 1 has been out of operation since February 27, 1982. The Commission opened an investigation to find whether the utilities jointly owning SONGS 1 (Edison and SDG&E) should continue to earn a return on the facility or whether to exclude it from rate base. Hearings were held and the Commission ruled that Edison, which operates the unit, had reached an agreement with the federal Nuclear Regulatory Commission (NRC) on how to meet NRC-required modifications before the unit can be legally restarted. SONGS 1 is scheduled to resume operations by February 1, 1985. The Commission has ruled that if the plant is not in operation by that date, Edison's earnings on plant capital costs for the period May 2, 1984 to February 1, 1985 will be refunded to Edison and SDG&E customers. If the unit is restarted by or prior to the scheduled date, the utilities may retain the earnings on capital costs. Further hearings on the cost-effectiveness of additional safety and other plant modifications required by the NRC after SONGS 1 restarts, will be held during the 1984–85 Fiscal Year.

SONGS Units 2 and 3 Start Commercial Operation

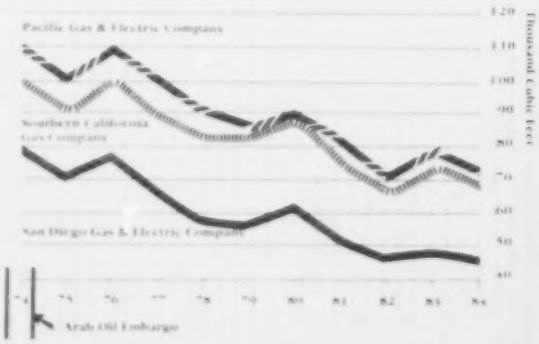
SONGS 2 began commercial operation on August 18, 1983. SONGS Units 2 and 3 are both 1,100 MW nuclear power plants. On September 7, 1983 the PUC authorized Edison and SDG&E to establish a Major Additions Adjustment Clause (MAAC) procedure to reflect the cost of owning, operating and maintaining SONGS 2. MAAC rates were authorized equivalent to the estimated fuel savings resulting from the commercial operation of SONGS 2, with any unrecovered investment-related costs being subject to balancing account treatment. Other features of the Commission decision were that:

- Investment related costs would be adjusted in accordance with Commission findings in the annual reasonableness review in Phase II of the proceedings.
- For SONGS 2, a target capacity factor (TCF) would be established with a deadband between 55 and 80 percent, in which TCF rewards and penalties do not apply.
- The TCF standard is to provide for a 50-50 sharing of replacement fuel costs savings or excesses for operation outside the 55-80 percent deadband range.
- A Phase I-B was established to determine whether a cap beyond the 50-50 sharing should be placed on the utility exposure resulting from the adopted TCF standard.

To be determined in Phase I-B was whether alternative ratemaking treatments regarding deferred capital recovery can be, or should be, adopted given the magnitude of the utility's investment in these nuclear plants.

SONGS 3 began commercial operation on April 1, 1984. The PUC authorized similar ratemaking treatment for it. The Phase I-B hearings ended on June 1, 1984. The Commission staff recommended "trended rate base" ratemaking for SONGS 2 and 3 as opposed to the conventional straight-line, depreciation-original cost ratemaking currently used by the Commission. A PUC decision on Phase I-B issues is expected in the fall of 1984. Phase II hearings on the reasonableness of the utilities' investment in SONGS 2 and 3 are not expected to start before late 1985.

Major Gas Utilities
Residential Gas Sales/
Customer Recorded



PG&E's Helms Pumped Storage Project

DURING OPERATION:

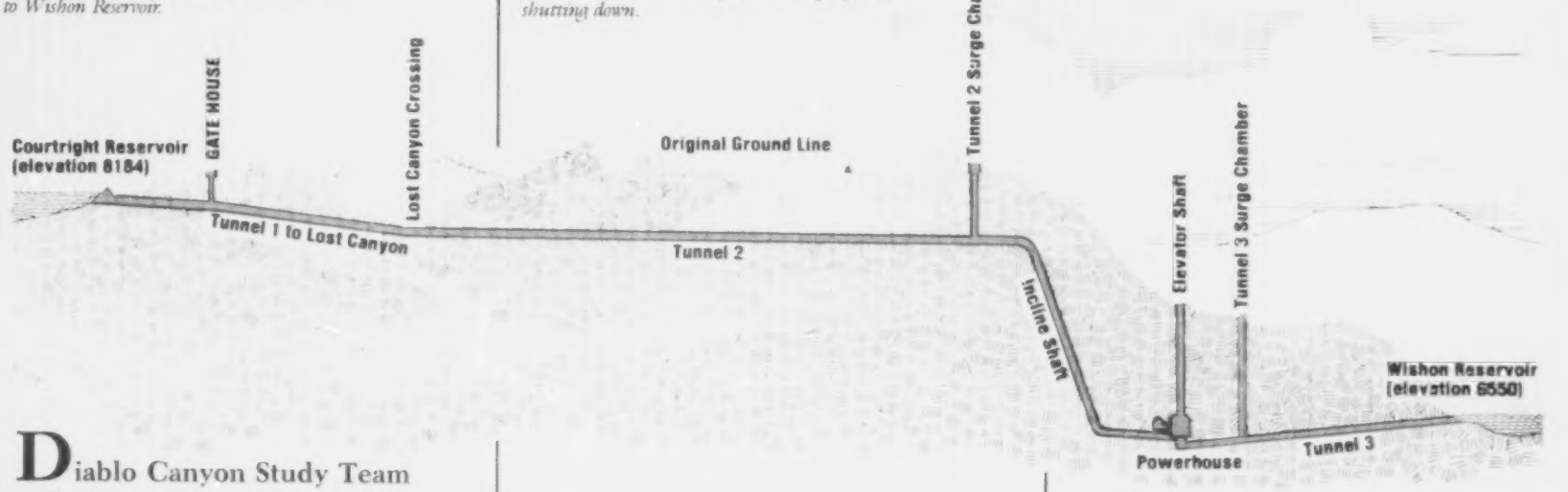
When electric use is heavy, water from Courtright Reservoir is released into a tunnel which leads to the underground powerhouse.

After the water passes through the turbines, it flows out to Wishon Reservoir.

At night, surplus power is used to reverse the turbines and pump the water back up to Courtright Reservoir, where it is stored until the following peak demand period.

The surge chambers reduce pressure along the walls of the tunnels due to the plant starting up and shutting down.

The levels of the reservoirs fluctuate about a foot an hour during operation.



Diablo Canyon Study Team

The Commission directed the formulation of a team of professionals representing various disciplines to provide a thorough, critical review of the reasonableness of the costs incurred by PG&E on the Diablo Canyon Nuclear Power Plant. The "Diablo Canyon Study Team" was formed in May 1984. The nuclear power plant is a two-unit 2,190 MW pressurized water reactor located near San Luis Obispo. When completed, the plant is expected to cost over $5.1 billion and to increase PG&E's electric rate base by about 85 percent.

The PUC staff study team was assembled from many of the agency's divisions. It includes a project manager, two attorneys, three accountants and seven engineers and analysts. The team will provide ratemaking assistance, analysis and monitoring for the investigation.

Since it was formed in May 1984, the team has:

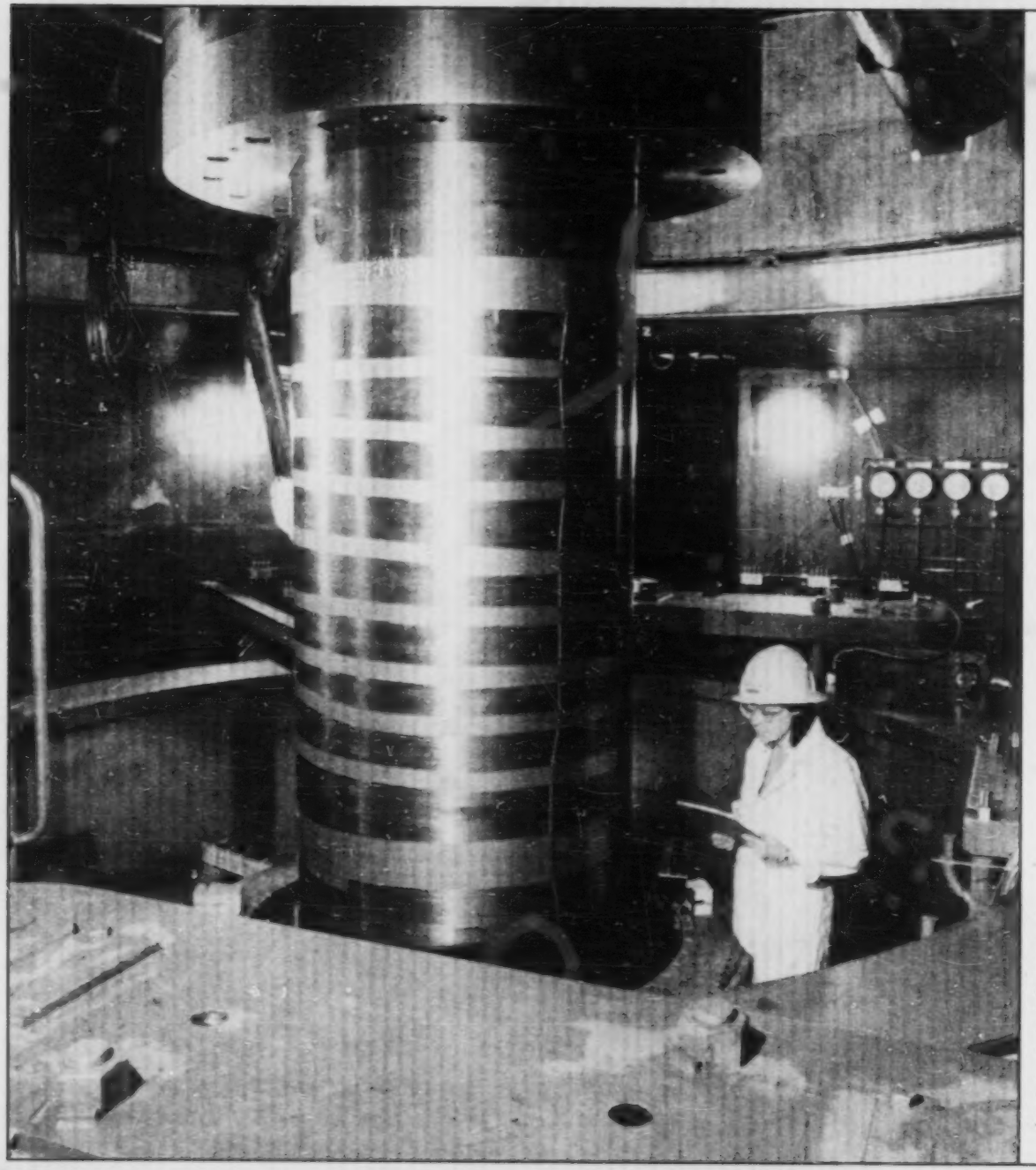
- Revised, rewritten and submitted a comprehensive work plan which the PUC has adopted for the Diablo Canyon study.
- Reviewed existing studies of nuclear and non-nuclear power plants.
- Reviewed quality assurance studies and other analyses of Diablo Canyon.
- Investigated, interviewed and selected consultants for prudency analysis, quality assurance evaluation and information support.

To fulfill anticipated data needs, the PUC staff has made over 200 requests to PG&E for data. This information is being compiled and categorized for the analysis portion of the investigation.

Last Sundesert Project Issues Resolved

In an April 1984 decision, the Commission eliminated the Blythe Site from SDG&E's rate base for ratemaking purposes. The Blythe Site, rate based-valued at $45 million, was the last piece of SDG&E's unbuilt Sundesert Nuclear Power Plant Project still in rate base.

In deciding SDG&E's last major rate case in December 1983, the PUC set further hearings on how the site should be treated for ratemaking purposes. After hearings in January 1984, the Commission adopted a proposal that split Blythe Site costs into two parts: $19.5 million for land and water rights and $25.5 million for site development expenses. The Commission removed the $19.5 million



from rate base for ratemaking purposes, but ruled that this amount could be reinstated if and when SDG&E comes up with a specific plan for developing costs to be amortized over four years. This will give SDG&E a return on its investment with a reasonable cash flow, while keeping costs to ratepayers at a minimum.

Helms Creek Pumped–Storage Project

The Helms Creek Pumped–Storage Project, described in the last two Annual Reports to the Governor, began commercial operation on June 30, 1984. On July 5, 1984, the PUC established an interim ratemaking procedure to allow PG&E to reflect in rates the costs of owning, operating and maintaining Helms. This was necessary because the utility stops accruing allowance for funds used during construction (AFUDC) when a plant begins commercial operation. A final ratemaking decision will address the reasonableness and prudence of the Helms plant costs. Hearings on the prudency issues are still in progress. A Commission decision on this phase of the project is expected at the end of 1984.

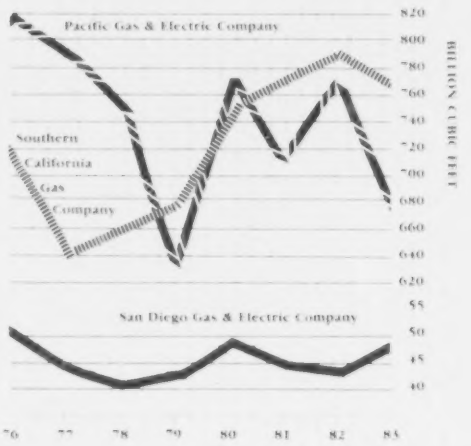
THE INSPECTOR IN THIS PHOTO IS OVERSHADOWED BY ONE OF THREE TURBINE shafts at Pacific Gas and Electric Company's Helms Pumped Storage Project. When operating, the force of falling water spins the turbine-generator connected to the shaft to produce more than one million kilowatts of electricity. Each of Helms' three units is capable of producing 400,000 kilowatts, making the pumped storage project one of the largest in the world.

Commission Adopts Three-Year Rate Case Plan

In June 1984, the PUC adopted a new schedule for processing rate cases for the six utilities filing general rate cases under the Rate Case Plan. Under the old procedure, utilities filed general rate increase applications at two-year intervals. The new schedule, at least for the next filing cycle, calls for three-year intervals between general rate proceedings.

The new schedule was adopted because the national economy appeared to be moving into a more stable period, and because the PUC had limited staff resources to commit to high-priority work in the areas of major rate base additions for energy utilities and drastic changes in the telecommunications industry. The new schedule provides that the utilities defer general rate filings for a year. This results in a test year and two attrition years, instead of one attrition adjustment between rate cases, as in the past. Under this new schedule, SDG&E will be allowed to file a 1986 test year general rate increase application in the fall of 1984. Over the next three years, this procedure will free staff to work on both energy and telecommunications rate cases.

Major Gas Utilities Gas Sales Other Than Resale Recorded



Mother Nature Eases Rate Increases

SOUTHERN CALIFORNIA EDISON COMPANY

Available natural gas, abundant hydro-generation and more economic energy purchases than usual, enabled Edison to decrease its rates by 3.5 percent in August 1983. Commercial operation of SONGS 2 and 3 in October 1983 and April 1984 resulted in fuel cost savings, but these were offset by increases in base rates. The overall change in rates for the 1983–84 year was an increase of 5.3 percent which was due largely to general rate increase authorizations.

Edison filed for a $454 million rate increase for Test Year 1985. Evidentiary hearings on the request were held in Los Angeles and San Francisco from March through June 1984. Further hearings will be held in July and September 1984. Departing from tradition, the PUC held three *en banc* hearings at key points to insure that Commissioners were fully informed on all major points of difference between the PUC staff and the utility.

During the course of the proceedings, Edison modified its original request from $454 million to $222 million (including its nuclear cost claims). The PUC staff has recommended no increase in rates for Test Year 1985 based on the utility's non-nuclear operations report. Hearings on the nuclear operations will be held in September 1984.

Alternative Energy Sources Continue Development

The Commission last year continued its program of encouraging utilities to purchase power from small independent producers to prevent utilities from expanding plant. The private energy developer (called qualifying facilities, or "QFs") sells energy to a utility at prices approved by the Commission. In its OIR-2 decision last year the Commission established prices utilities will pay non-utility private companies for electric power. A QF can be either a cogenerator or a small power producer. These new energy sources, including wind, geothermal, and small-scale hydroelectric power, are expected to represent an increasing share of California's electric generation "mix" in the coming decade.

PG&E, Edison and SDG&E have continued signing contracts with QFs during 1983 to purchase their electrical output. Over 520 projects with a potential output of over 4,500,000 KW are now

in various stages of design and construction or are operating. Alternative resources include wind, hydroelectric, cogeneration, geothermal, forest, agricultural and domestic wastes. Some of these projects are in operation (as of June 1984) with a generating capacity of 1,150,000 KW. This capacity is sufficient, for example to fill the electrical needs of approximately 400,000 residential customers, after making due allowance for generator maintenance downtime, periods when the wind is not blowing or when water levels are low in streams, etc.

The Commission authorized a fourth type of standard contract for a trial one-to-two year period. The energy prices available to QFs through this standard offer are structured around a ten-year forecast of avoided costs, based on each utility's resource mix and costs. ("avoided costs" are those utilities would have to pay to generate the same amount of electricity they buy from QFs). Agreement on the forecast was reached in a series of PUC-directed negotiations between the utilities and interested parties. The energy prices that resulted from these negotiations are discounted about 15 percent below the short-run prices now in effect, and anticipated prices. The discount is in exchange for some degree of certainty on prices for which QFs can contract up to a 10-year limit. This limited price certainty is intended to encourage long-term contract commitments by QFs. The PUC has imposed constraints on QFs selecting Standard Offer No. 4 to protect and keep the ratepayer whole. Congenerators, for example, may only use Standard Offer No. 4 prices for up to one-fifth of its electrical generation. Also, any QF selecting the levelized forecasted ten year price option must provide security.

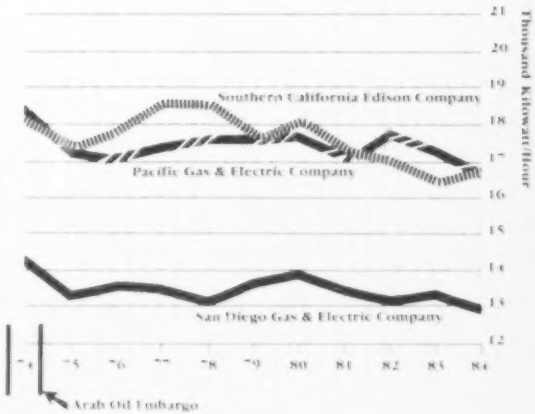
Forty eight QF projects with a generating capacity of 617,000 KW have signed Standard Offer No. 4 contracts during the first nine months this offer has been available. Three-fourths of these have been wind-fueled projects and those using either forest wastes or methane produced from landfills. Hearings are being scheduled to evaluate and select a final standard offer based on a method reasonably acceptable to parties for forecasting long-run avoided costs.

Investigation into Limitations on Transmission Capacity

A limitation on both bulk and local area electrical transmission capacity has been noted by PG&E, reportedly in most of the northern sector of its service territory. The Commission convened an investigation, OII 84-04-077, to determine the resulting impact on the utility's operations. QFs have warned that the further development of QF power may be seriously impeded. PG&E estimates it has identified 800 MW of potential QF power which may be affected.

The investigation is to address and determine what transmission system upgrades may be needed, the estimated cost and construction time and to determine responsibility for the costs. Five other California Electrical corporations have been invited to report whether similar transmission problems now exist or may be expected in their systems. If so, to report on what upgrades may be necessary, their cost and estimated construction time.

Major Electric Utilities
Average Electric Sales/
Customer Recorded



PG&E To Improve Geothermal Capacity

In June, 1984 the California Energy Commission (CEC) accepted PG&E's application for certification for the Geysers Unit 21 geothermal power plant. The CEC has until June 8, 1985 to approve or deny the proposed plant. PG&E has 30 days to apply to the PUC for a Certificate of Public Convenience and Necessity (CPCN) which will run concurrently with the application for certificate filed with the CEC.

PG&E proposes to locate the facility in Lake County. It will have a nominal capacity of 140 MW and will be PG&E's first high-efficiency geothermal power plant. PG&E also plans to use a different turbine than originally proposed and increase the size of certain parts. This will increase the normal plant capacity of 120 MW to 140 MW. The design of this plant is similar to the SMUDGEO I geothermal power plant that began operation in early 1984.

Edison Hydro Project On Schedule

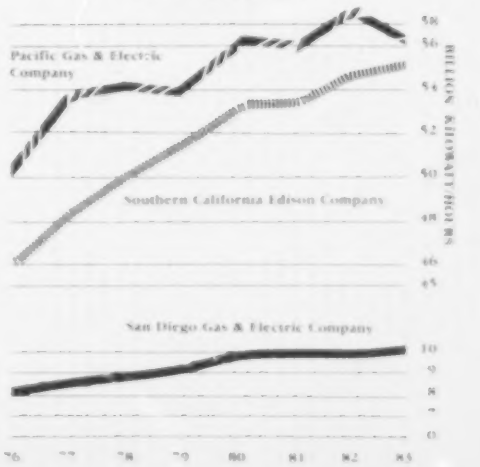
Southern California Edison is now building the 200 MW Balsam Meadow Power Plant as part of its Big Creek Hydroelectric Project in Fresno County. This project is scheduled for commercial operation in the Spring of 1988. Some of the water which normally flows between two lakes in the region will be diverted to the Balsam Meadow Reservoir and stored until needed for peak electricity demands. When used, the water will flow through underground tunnels, and fall about 1,000 feet before entering a vertical turbine generator.

The PUC has authorized construction of this facility but has limited the cost to be included in rate base. This is the first time the Commission has imposed such a cost cap. The PUC also ordered cost and environmental monitoring programs. Balsam Meadows is on schedule and within the projected budget.

Edison Reopens Transmission Line Application

The PUC has set aside Edison's application seeking certification for construction of 500 kV transmission lines between Devers Valley and Serrano substations. The Commission reopened the record in this case to take additional evidence on several issues. Among these issues are (1) Whether a third 500 kV line is needed in view of the existing 500 kV lines between Mira Loma and Serrano substations, (2) Whether a second 500 kV line is needed west of the Devers substation, and (3) What purposes are served by a 500 kV interconnection from the Valley substation to the SDG&E transmission network. Additional information on these issues is needed in order to select the best route for the proposed line.

Major Electric Utilities Electricity Sales Other Than Resale Recorded



Environmental Concerns: Southwest Powerlink and Devers-Mirage Projects

In its decision authorizing SDG&E's Southwest Powerlink, the PUC required a monitoring program for this major high voltage transmission line for importing economy energy from out-of-state. The monitoring program was successfully completed in June 1984. It verified all environmental mitigation measures to compensate for potential problems created by construction of the line.

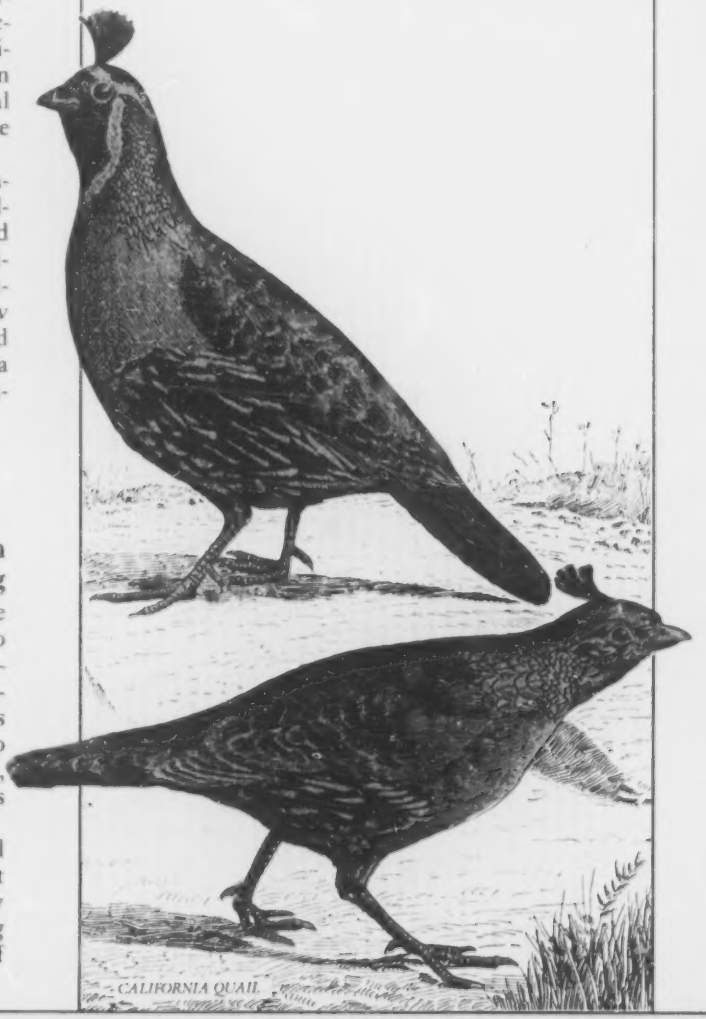
Similarly, the PUC required Environmental Impact Reports for Edison's Balsam Meadow hydroelectric project and Devers-Mirage transmission line. Mitigation measures to compensate for construction effects included meadow rehabilitation at Balsam Meadow and habitat preservation for the Coachella Valley Fringe Toed Lizard, an endangered species.

Ratemaking in a Changing Economy: Effect of Economy on Utilities' Construction Financing

As in the previous Fiscal Year, the double digit inflation of two years ago continued to subside during Fiscal 1983–84. But interest rates continued to increase. Pressure on interest rates results from the federal government's need to finance extraordinary budget deficits, and on expanding borrowing demands in the public sector.

California utilities' need for external capital remained about the same last year as in the previous fiscal year. They continued to issue and sell varying amounts of debt securities by means of negotiated public offerings and private placements, in addition to traditional competitive public offerings. The Commission authorized the issuance and sale of debt securities totaling $2.957 billion, an increase of $2 million over the prior fiscal year.

Utilities have historically raised capital to finance their ongoing construction programs by issuing and selling debt and equity securities mainly in the domestic money market. But broader financing options are available to utilities because of the Tax Reform Act of 1984. Provisions of the act eliminate the withholding of interest paid on the debt obligations of U.S. domestic issuers sold to foreign investors. This enables utilities to consider international and global bond offerings instead of being limited to Eurobond issues.



CALIFORNIA QUAIL

Shelf Registration Program

Utilities in California also raise additional capital through the issue and sale of debt securities and common stock in a "shelf registration" program. This program, adopted by the federal Securities and Exchange Commission (SEC), provides utilities greater financial flexibility. Under the program, the terms and conditions of proposed security issues may be changed after the initial registration statement is filed with the SEC. This enables utilities to take advantage of current market conditions without delay and without having to further notify the SEC, or to get its approval.

Leveraged Preferred Stock

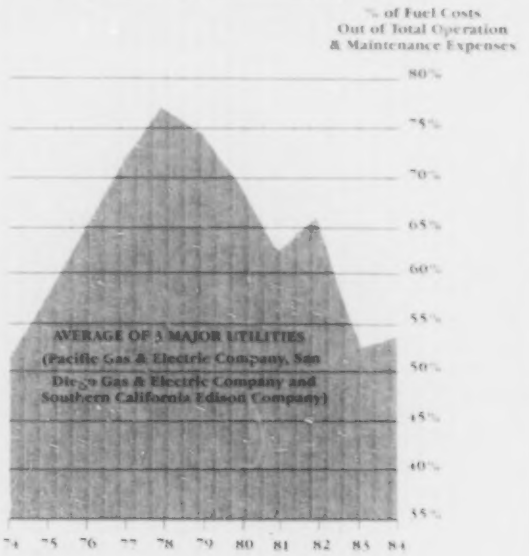
A number of California utilities have issued and will issue leveraged preferred

stock. To issue this stock, a specially formed trust is used. This trust is capitalized with both an equity investment and funds borrowed from institutions. The trust uses these combined funds to buy the preferred stock from the utility. The equity participants in the trust use the tax deductible debt to acquire extra tax advantaged dividends. (85 percent of these dividends are excluded from taxation.) This substantially increases the real after-tax rate of return on the preferred stock.

Nuclear Fuel Financing

The Nuclear Fuel Financing mechanism is another means of acquiring additional capital for utilities' construction. Under this procedure the nuclear fuel is sold and then leased from a subsidiary company of the utility. By owning the nuclear fuel, the subsidiary is able to issue commercial paper with interest costs more favorable than a utility would be required to pay for alternative means of financing.

Fuel Cost as a Percentage of Total Operation and Maintenance Expense of Generating Electricity



Pollution Control Equipment Financing

Interest rates on pollution control equipment financing are much lower than conventional financing because the interest received by investors is exempt from income taxes. The Commission has authorized California utilities to issue a new type of pollution control bond. This bond may be issued in the form of a floating interest rate short-term demand bond, note, or some other variable interest rate debt instrument. Nominally a long-term instrument, this bond carries a short-term interest rate because it has a bondholder "put" option. Under the put option the bondholder may redeem by "putting" (placing) the bond for redemption on certain periodic dates. The bondholder receives 100 percent of the principal amount of the bond plus accrued interest. The bond is then remarketed by a remarketing agent. It can be remarketed at its full principal amount because the interest rate on it is periodically reset based on a short-term tax-exempt index. Utilities also have the option at certain times of changing this type of bond from a floating rate to a fixed rate for the remaining term of the pollution bond.

Regulatory Lag Plan

Rate of return recommendations under the Regulatory Lag Plan are made for two separate years for energy and telecommunications utilities and three years for water utilities. The Commission recognizes financial attrition for the years after the test year. This affords the utility an opportunity to earn its authorized equity return in each year encompassed by the test period.

The combined use of financial models and recognition of financial attrition increases to take into account the impact of changing interest rates have enabled many California utilities to earn rates of return very close to those authorized by the Commission. These results have prompted the financial community to take note of the fact that California utilities are priced at their respective book values. This lessens the negative effects of dilution on the stockholders investment.

Rate of Return

Staff rate of return recommendations to the Commission follow an analysis of the utility's business and financial risks. In acting on its staff's rate of return recommendations, the PUC tries to balance the interests of the stockholders and customers by providing sufficient earnings to the utility to maintain a reasonable dividend policy while maintaining high-quality service to customers.

Rate of return recommendations are based on various capital market oriented economic models. The primary methods used by the staff are the Discounted Cash Flow, the Equity-Risk Premium and the Comparable Earnings Models. All rate of return recommendations for major energy, telephone and water utilities are presented in formal proceedings before the Commission.

During the past fiscal year many small telephone and water utilities were authorized to revise their authorized rates of return to reflect changing economic conditions.

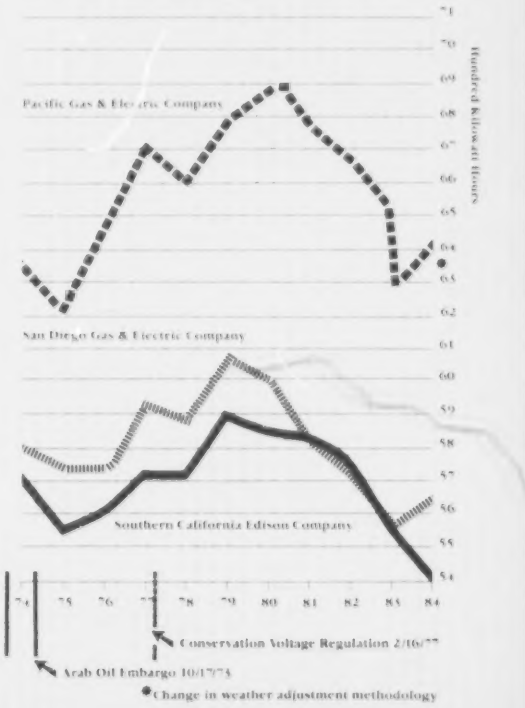
Effects of Tax Law Changes

Income tax law underwent more changes in the 1983–84 fiscal year, affecting what ratemaking treatment to apply to provisions of legislation that affected public utilities. The Tax Reform Act of 1984 allows electric utilities that own nuclear power plants to take as a current deduction the annual pro-rata portion of the estimated cost of retiring nuclear plants at the end of their useful life. This means that California ratepayers will now be required to provide one dollar in rates for every dollar the PUC authorizes the utility to collect for decommissioning a nuclear plant. Previously, two dollars in rates were required for every dollar the utility received for decommissioning. This was so because such costs were not deductible until the expense was actually incurred.

During the past fiscal year much Commission time was spent analyzing tax effects of the breakup of the Bell Telecommunications System. In May 1984 the Commission completed OII-24, Phase II, which dealt with the appropriate ratemaking treatment to accord various long-standing tax issues. That decision adopted ratemaking treatment of tax issues which provides for recovery in rates of the lowest income tax expense permissible under Federal and California tax law. The PUC also studied ratemaking income tax treatment of rate base offsets for Helms Pumped Storage Facility, San Onofre Nuclear Plant Units 2 and 3, and the Diablo Canyon Nuclear Plant.

Significant changes in income tax regulations during 1984–85 are expected, since it is felt that tax reform will be strongly considered as a viable method of reducing the size of the federal deficit. The Commission will continue to review and analyze tax issues to arrive at solutions in the best interests of both utilities and California ratepayers.

Residential Electricity Sales Per Customer Climatically Adjusted 12 Months Ended



Statistical Model Forecasts Nuclear Plant Operating and Maintenance Costs

At the Commission's direction, the PUC staff continued its study of various statistical methods to develop a model which would relate selected nuclear cost variables to nuclear Operations and Maintenance (O&M) expenses. The results of this study, to be applied to SONGS Units 2 and 3, will be the subject of testimony in the current Edison general rate case. This effort involves joint cooperation between PUC engineers and economists. Engineers determine which of the variables would most likely have the strongest impact on nuclear O&M expenses. Economists analyze and establish the statistical relationship and determine the most appropriate escalation factors to apply to the base year results. To develop its 1985 O&M expense estimates Edison applied basic averaging and trending techniques. However, it is expected that the company will introduce a zero-base estimate later in the hearings.

Using cross-sectional analysis, the PUC staff developed a significant statistical relationship between nuclear O&M expenses for 1982 and a number of variables, including quantity of equipment, seismic design, turbine manufacturer, capacity and availability factors, plant vintage and refueling and condensed water systems. The Commission staff developed various scenarios, using seven to 12 variables depending on the selected alternative. The staff is now trending these data, using staff and utility energy escalation factors as well as nuclear O&M factors provided by Data Resources Inc. The results of this study will be the subject of testimony by staff witnesses in September 1984 in the Edison hearings, as well as the subject of an article on the methodology published by the National Association of Regulatory Utility Commissions (NARUC).

Wage Increases and Nonlabor Inflation

To increase the accuracy of its forecasts of utility employee compensation, and to measure changes in prices, the PUC continued to refine its methodologies in order to maximize their accuracy and reliability. These efforts have led to the development of wage levels, compensation distribution and nonlabor price levels that are specific to a company or an industry. The Commission has directed its staff to meet with utility economists in order to resolve complex methodological issues, and to achieve a common forecasting method, regarding future wage levels and material and service inflation. The goal is to arrive at this common method before a rate increase application is submitted and in a manner that is inexpensive, representative of a utility's operating costs, and understandable to third parties.

Utilities Employees Pensions and Benefits Studied

It was found that in the last six major utility rate cases that utilities employees' pensions and benefits exceeded $500 million for 1984–85. Administrative and General Expense (A&G) accounts, under which pensions and benefits fall, are the largest expense accounts. A&G accounts comprise approximately 30 percent of all utilities' operation and maintenance (O&M) expenses after taxes and depreciation. Pensions and benefits expenses make up approximately 40 percent of A&G expenses.

For this reason the Commission continued its close scrutiny of pensions and benefits expenses. Its staff during the past two years has broadened the scope of comparative analysis performed among the major California utilities in order to determine areas where costs can be cut. Two of the most promising areas are pension fund expenses and medical health insurance costs. These two items account for two-thirds of all pension and benefits expenses.

In both the recent Pacific Bell and San Diego Gas & Electric general rate cases the Commission applied a penalty incentive to encourage the utilities to intensify their efforts to achieve greater returns on pension fund investments. For example, a one percent increase (100 basis points) in return on pension investments could increase assumed earnings to the six largest utilities by about $90 million in 1984. The PUC did not adopt the proposed penalty but encouraged its staff to continue to increase their efforts in this area of high potential savings to ratepayers. In the current Edison general rate case the PUC staff obtained a stipulation from the utility to an assumed higher rate of return on pension investments by one-half percent (50 basis points). This will lower estimated pension expenses for 1985 by approximately $6 million.

Medical Insurance Plan Expenses

The Commission continued its examination of utilities' medical plan costs. The six largest California utilities now

spend about $300 million annually for employees' medical insurance. This is also a national problem area: employee medical expenses consume 10 percent of the gross national product (approximately $300 billion) and has been growing at a rate estimated from 11 percent nationally to 20 percent locally. Under Commission direction the PUC staff has:

- Analyzed the magnitude of the problem and the factors contributing to it.
- Reviewed programs currently being introduced by utilities to control medical costs.
- Developed recommendations to be proposed at rate case hearings.

A report on the subject of health care cost containment by California utilities will be issued soon. It is estimated that, if annual medical cost escalation for the state's six largest utilities can be held to 10 percent, $30 million per year can be saved.

Female/Minority Business Enterprise Program

In 1981 the Commission ordered utilities to report on their efforts to increase business opportunities for female and minority group entrepreneurs. The PUC staff was directed to review utilities' Female/Minority Business Enterprise programs, their associated costs and the mechanisms employed by utilities to monitor their progress. In its Pacific Telephone rate case decision the PUC required a reporting format that includes classifications by ethnic group and utilities' contract purchase categories. This format is being considered for current proceedings including Continental Telephone Co. of California, Southern California Gas and Southern California Edison.

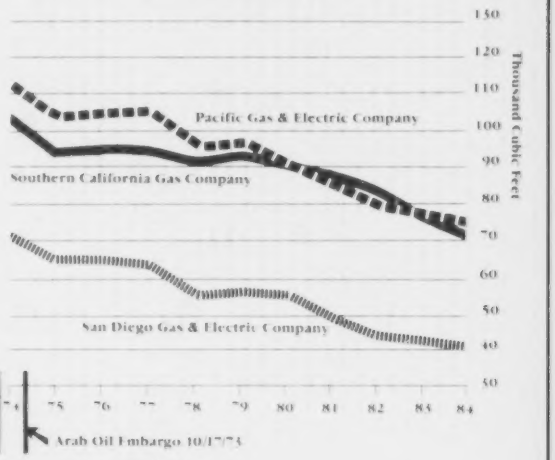
Conservation—Saving Gas and Electricity in 1983

1983 Energy Savings

California utilities invested almost $300 million on energy conservation programs in 1983. These expenditures resulted in savings of more than 350 million therms of natural gas and about 7 billion kilowatt hours of electricity. On a cumulative basis, combined with energy savings from earlier years, the savings are much higher. The cost of conservation is less than developing new sources of supply. In addition to saving energy, conservation programs provide jobs to many Californians (over 50,000 directly or indirectly) and generate state tax revenues.

Originally launched in the mid-1970s with energy-saving residential audits and conservation advertisements, conservation programs expanded with promotion of low and Zero Interest Financing of conservation measures. The dramatic rise in utility-sponsored conservation programs is a direct response to the Commission mandate that utilities make vigorous efforts to efficiently use existing energy supply sources. Approximately 2.2 million residences had been retrofitted with attic insulation at the end of 1983. During the same period, utilities conducted nearly 300,000 commercial-industrial audits and over 10,000 agricultural energy audits and pump tests were performed.

Residential Gas Sales Per Customer Climatically Adjusted 12 Months Ended



Commercial-Industrial-Agricultural Use Audits

California's industries are major users of natural gas and electricity. Although industrial customers comprise only ten percent of all utility customers, they consume more than half of all the energy sold by utilities. Commercial-Industrial-Agricultural use audits were offered to about 350,000 California businesses in 1983. By the end of 1983, the Commercial-Industrial-Agricultural audit and incentive programs saved nearly 5.5 billion kilowatt hours of electricity and 500 million therms of natural gas. This reduction is equivalent to saving 17 million barrels of oil.

Most California electric utilities offered incentives in 1983 because many of the easiest conservation actions had already been accomplished and customers needed extra encouragement to meet the Commission's goal of 20% overall con-

servation by 1986. At the end of 1983, the Commission staff estimated that about 15 percent overall conservation had occurred in the Commercial-Industrial-Agricultural sector.

Zero and Low Interest Residential Conservation Loans

All eight investor-owned utilities offered customers low or zero interest loans in 1983. Utility financing for the purchase and installation of energy conservation devices expanded significantly during fiscal year 1983–84. By the end of April, 1984, California's four largest utilities had made more than 480,000 loans to customers with a total dollar value in excess of $300 million.

Low income customers throughout the state were able to install conservation measures in their houses under Direct Weatherization Assistance Programs offered by the eight California utilities. 1983 was the first full year Direct Weatherization programs were available and more than 40,000 low-income, elderly, or minority Californians participated in utility programs by year end. With an approximate $28 million budget, Direct Weatherization Programs are estimated to save nearly 5 million gas therms and 5 million Kwh of electricity. The 1983 Direct Weatherization Programs were considered to be so successful that the California/Nevada Community Action Association recognized three major utilities (Pacific Gas and Electric, San Diego Gas and Electric and the Southern California Gas Company) and this Commission's President, Leonard Grimes, with awards in June 1984 for their contributions to low income direct weatherization programs.

Trend of Monthly Bills for Residential Gas Service 1974 Thru June 1984

Composite Rate for Los Angeles & San Francisco Areas @ 70 Therms Per Month

Gas Furnace Pilot Light Turn-off Program

The summertime Gas furnace Pilot Light Turn-off program offers participating customers the opportunity to save on natural gas bills by turning off their furnace pilots during the warm weather season. Each customer can save up to 50 therms of natural gas by turning off the pilot. Nearly four million pilots were turned off during the summer of 1983, saving 120 million therms or the equivalent of nearly 2 million barrels of oil.

Conservation Voltage Regulation

Conservation Voltage Regulation (CVR) has proven to be the most effective electric conservation program in California.

Voltage reduction results in customer energy savings at a cost of less than 2 cents per kilowatt hour. CVR saved 2,900 million Kwh in 1983 and registered total program savings of more than 12 billion Kwh for a total program cost of about 0.2 cents per Kwh.

Load Management

Load Management programs are designed to reduce the need for new electricity generating capacity while efficiently using energy supplies now available. Load Management programs expanded significantly in 1983. Utilities offered more than 59 load management programs to more than 400,000 customers. Load Management programs have resulted in a cumulative reduction of 717 megawatts during the last four years.

This capacity reduction is nearly equal to the output of the Rancho Seco nuclear power plant. Two types of load management, Interruptible Rates and Direct Load Control, have been particularly successful in California.

California utilities also experiment with Time-Of-Use rates as an electricity demand reduction technique. Time-Of-Use rates offer customers incentives, lower costs for energy consumed, to limit nonessential use during peak demand periods with reduced rates during off-peak time.

In response to AB 1942, signed into law on September 15, 1983 by the Governor, the Commission extended the Multi-family portion of the program for one more year, so that remaining quotas could be filled.

Solar programs also gave special consideration to low-income customers. At the direction of the Commission, ten percent of the overall program budget will offer solar water heating to low-income families. Approximately 8,200 low-income customers had installed solar systems by May 1984. If all the 166,000 solar systems installed by 1983 operate at maximum efficiency two billion cubic feet of gas could be saved annually.

Customers who opt for interruptible rates receive lower rates for lower service levels. Interruptible rates have resulted in 87 MW load reduction for PG&E and 222 MW load reduction for SCE. Time-Of-Use programs have resulted in a 86 MW load reduction for PG&E and 55 MW load reduction for SCE. Other California utilities offer interruptible and Time-Of-Use rates.

Swimming Pool Pump Program

The swimming pool program is one of the most cost-effective load management efforts. Pool pumps are switched to off-peak use by extra switch trippers on pump time clocks. PG&E reduced its load by 10 MW in 1982 through this program while SCE achieved a load reduction of 121 MW.

Solar Water Heating Demonstration Program

Solar water heating programs of the four major utilities ended their third year in 1983 with markedly increased customer participation. By April 1, 1984, customers had taken advantage of 166,442 rebates or low-interest loans with a total value of almost $112 million.

Rebates for single family customers with gas water heater backups were nearly exhausted by the end of 1983.

By July 1984 it is expected that more than 55,000 single family dwellings will be solarized.

The participation in the multi-family solar program rose dramatically as the three year program was coming to an end. By the end of 1983 more than 230,000 units out of 264,724 allocated among three participating utilities applied for rebates.

Energy Service and Safety

NEW METER TEST PLAN SAVES MONEY

California's three largest gas utilities saved approximately $12 million after implementing a Commission-authorized statistical meter removal plan. This program replaces the old meter removal plan for these utilities. Formerly, these utilities removed meters every 10 years for inspection, repair or replacement. The former procedure remains in effect for smaller gas utilities. Under PUC staff surveillance California gas utilities refunded $300,000 to customers who had been overcharged due to fast meters and backbilled $4.4 million to customers undercharged due to slow meters. Over 400,000 meters were tested in accordance with PUC-established standards. This represents over five percent of the 7.5 million meters in service in California.

Heating Value Standards Updated

The Commission's standard for measuring heating value has been in effect for almost three decades. Concern over its accuracy prompted the PUC to revise this standard because its accuracy directly affects the customer's billing factor for gas service and, therefore his bill. The revised heating value measurement standards provide for PUC authorization of current and future state-of-the-art heating value measurement systems.

The average heating value of natural gas sold, measured by the Commission's standard, ranged from 1,004 Btu per cubic feet to 1,066 Btu per cubic feet. The

typical heating value of gas from landfill ranged from approximately 850 Btu per cubic feet to 1,027 Btu per cubic feet.

New Techniques Create Savings

A leaking ancient cast-iron main installed by PG&E in downtown Oakland was repaired at minimum cost due to PUC authorization of a novel, but practical, construction technique. In compliance with a Commission order, PG&E inserted a plastic pipe 10 inches in diameter into the old cast iron main. Such insertions are usually with pipe four inches in diameter, or smaller. The Commission staff monitored this operation. This least-cost solution increased the pressure-bearing capacity of the pipe.

Hydrogen Sulfide Leak Imperils Gas Customers

On December 28, 1983, shortly after some Santa Barbara area customers of Southern California Gas Co. were advised to evacuate their homes, PUC energy and safety division staff members were on the scene investigating the entry of hazardous Hydrogen Sulfide (H_2S)* gas into SoCal's pipelines. H_2S is limited by Commission order to not more than four parts per million (4 PPM) in natural gas.

* Volatile hydrogen sulfide gas is colorless and has a rotten egg smell. It is associated with natural gas in some production fields.

An estimated 40,000 residents were located in the affected area. Many of them did not heed SoCal's radio emergency evacuation message, merely shutting off their pilot lights and opening

San Diego Gas and Electric Company phases in new portable meter reading computer. The computer can store meter information on 1,000 customers on a day's route.

their windows. Others fled to motels or emergency shelters or to the homes of relatives or friends. Customers shut off 1,300 gas meters. H_2S concentrations of 400 PPM were detected in the gas in Buellton and Solvang. The contaminated natural gas, called "sour gas" in the utility industry, was eventually purged from the pipelines by venting to atmosphere at selected locations. By the afternoon of December 30, 1983 normal operations had resumed.

A subsequent PUC investigation revealed that three million cu. ft. of sour gas flowed into SoCal's pipelines over a five-hour period. Although the source of the sour gas was from offshore oil wells belonging to Exxon Corp., the incident was caused by defective equipment owned by Pacific Offshore Pipeline Corp. (POPCO). Like SoCal Gas, POPCO is a subsidiary of Pacific Lighting Corp. It was formed to operate a gas treatment plant at Las Flores Canyon. POPCO accepts Exxon gas, treats it for impurities and delivers it to SoCal. The Commission directed the gas utility to refuse further deliveries from POPCO until the subsidiary installed improved equipment and implemented better procedures. The utility is complying with the PUC order and this operation is expected to resume in July 1984.

Second Hydrogen Sulfide Leak

A second Hydrogen Sulfide leak into the SoCal Gas Co. system occurred on May 12, 1984. The leak injected at least 200 PPM of H_2S into the gas system. The source of H_2S was the Champlin Petroleum Refinery in Wilmington, Los Angeles County. An investigation by SoCal Gas determined that the highest concentration of hydrogen sulfide gas during the previous 12 hours was 60 PPM in the Palos Verdes area.

An investigation by the Commission staff revealed that a manually-operated valve had been used to stop the flow of gas, and there was no automatic valve to isolate the contaminated gas. A safety program required by the Commission mandates the use of automatic equipment in the future.

Gas Pipeline Safety Program

Natural gas accidents caused 21 injuries in California last fiscal year. Injuries to 13 people occurred in 11 accidents on utilities' property. Eight other persons were injured on customers' premises. During the year 348 accident reports were received by telephone. The PUC staff investigated 35 accidents, or about 10 percent of the total reported.

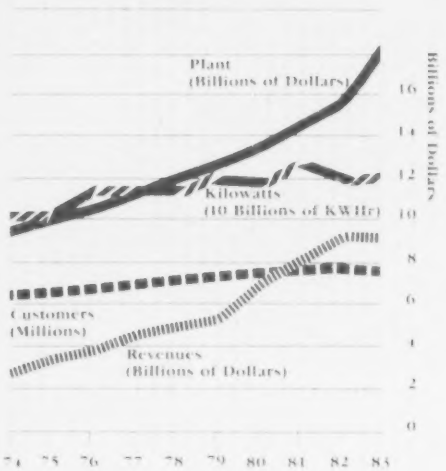
The Commission regulates the largest gas pipeline system in the U.S. California contains some 79,000 miles of gas mains, serving 5.9 million users—about 13 percent of the nation's gas customers. Last year this system was expanded by about 3,000 miles of mains and 360,000 services. The Commission's field staff investigates gas accidents, performs compliance inspections, reviews utilities' reports and records, performs field and follow-up inspections and performs safety studies. The PUC is also responsible for gas accident surveillance and for enforcing compliance with state and federal pipeline safety rules.

A PUC analysis of last year's gas accidents by cause revealed that 78 percent were caused by contractors during excavation or drilling, nine percent were due to corrosion and four percent were caused by construction mishap or material failure. The leading cause of gas accidents was damage to buried facilities. In over half the cases of damage to non-utility facilities, no one had notified the utility in advance of proposed construction activity in areas where pipelines were buried. Put another way, in almost half of all incidents reported, the gas utility could not prevent these accidents.

Master Meter Termination Program Continues

The Commission is continuing efforts to end master gas and electric metering in California. Master meter conversions improve service and safety and conserve energy. Master conversion of a multi-family accommodation could reduce electric consumption by up to 23 percent and could produce 15 percent savings in gas consumption. Master metered energy utility systems are abundant in California. There are presently about one million gas units and 250,000 electric units without individual meters. The state legislature enacted Public Utilities Code Section 780.5 to curtail further master meter development in new apartment house construction. In April 1978, the Commission ordered California energy utilities to implement and maintain extensive programs to encourage conversion from master to individual meters and submeters. PG&E began a $50 per-unit-converted rebate program in 1982. This program has resulted in conversion of over 10,000 units in the past year. Other utilities maintain conversion encouragement programs that stress customer contact by mail with follow-up by telephone or personal contact.

Growth of Large Electric Utilities



Electrical System Failures

The Commission staff investigated several major electric system failures during the past year. Three of the breakdowns involved the Pacific Northwest 500 kilovolt (KV) intertie transmission lines. The most serious system failure last year was caused by a high-velocity windstorm northwest of Bakersfield. It caused the collapse of 28 towers of 500 KV lines and damage to 13 towers. A number of towers and poles of lower voltage lines were also destroyed. The entire state would have been blacked out had this system failure not occurred during an off-peak period. Its off-peak occurrence made it possible to bypass power around the point of failure.

The Commission has directed utilities to strengthen transmission towers in areas subject to high-velocity winds and to implement more effective maintenance and patrolling programs. Other major system failures were caused by a landslide at the Caribou hydro-generating plant located on a branch of the Feather River and a switch failure at the Moss Landing plant. The Commission will intensify inspections of facilities of this kind.

Improved Building Standards for Electric and Telephone Utilities

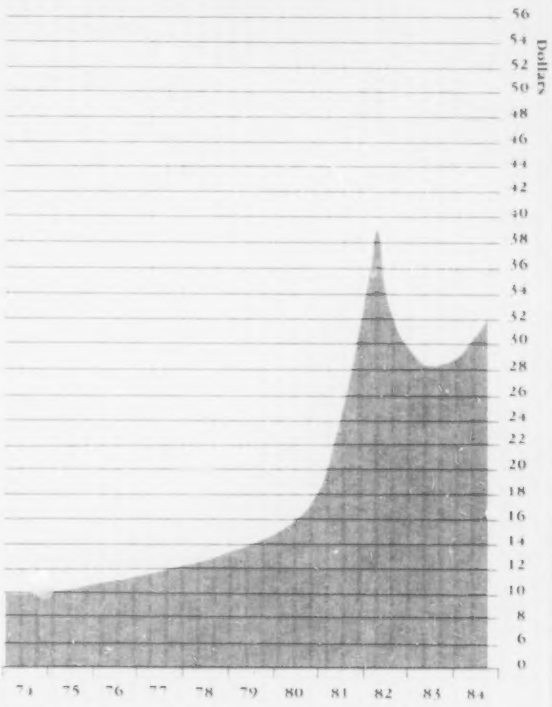
The PUC's energy service and safety branch last year conducted a series of meetings to consider changes in construction standards for electric and communications utilities. These standards are prescribed in PUC General Orders 95 and 128, and are changed periodically following proposals by the PUC staff, the utilities or other affected parties.

Participants at the meetings included all major California telephone and electric utilities—both regulated and public—and employee unions. Participants considered a number of important rule changes to improve the safety and reliability of utilities services. Proposals put forth are designed to:

- Set minimum standards to provide reliable service.
- Promote the safety of utilities' employees and the public.
- Reflect the changing "state of the art" or modernization of materials and advances in technology.

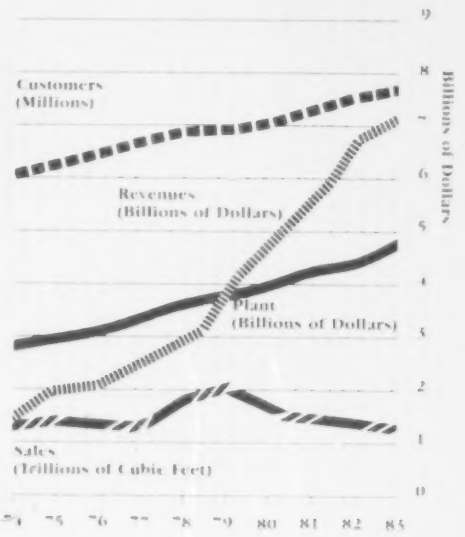
Additional work is planned to finalize these proposals. Final rule changes to be adopted by the Commission are expected to enhance employee and public safety.

Trend of Monthly Bills for Residential Electric Service 1974 Thru June 1984



Composite Rate for Los Angeles & San Francisco Areas @ 500 Kw Hr Per Month

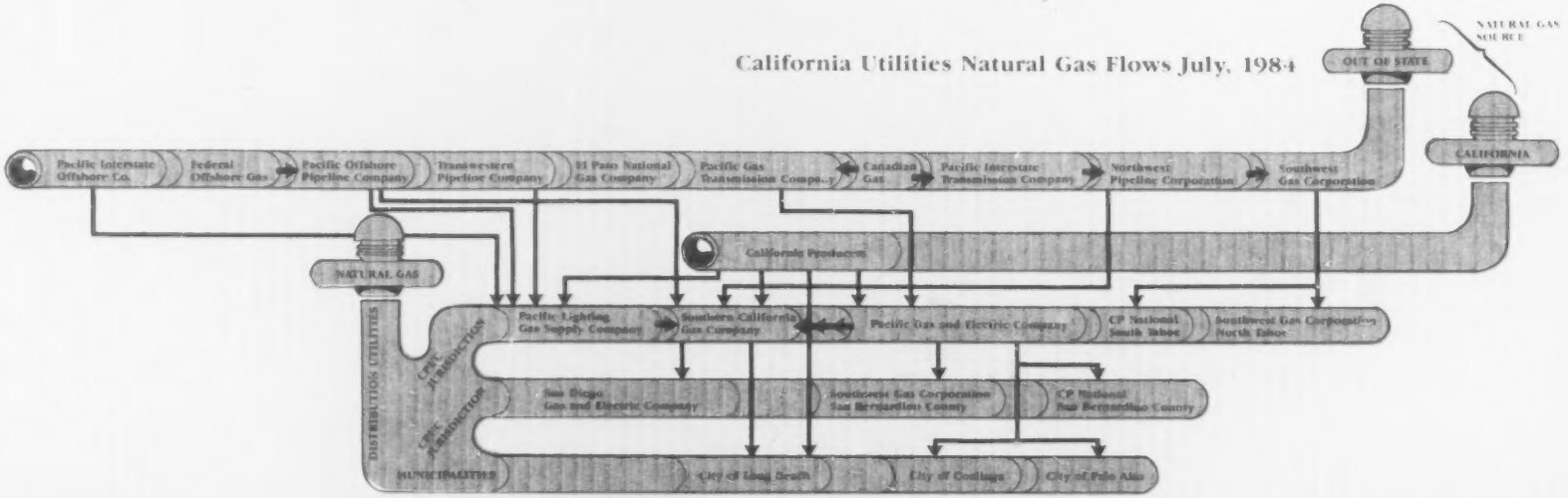
Growth of Large Gas Utilities

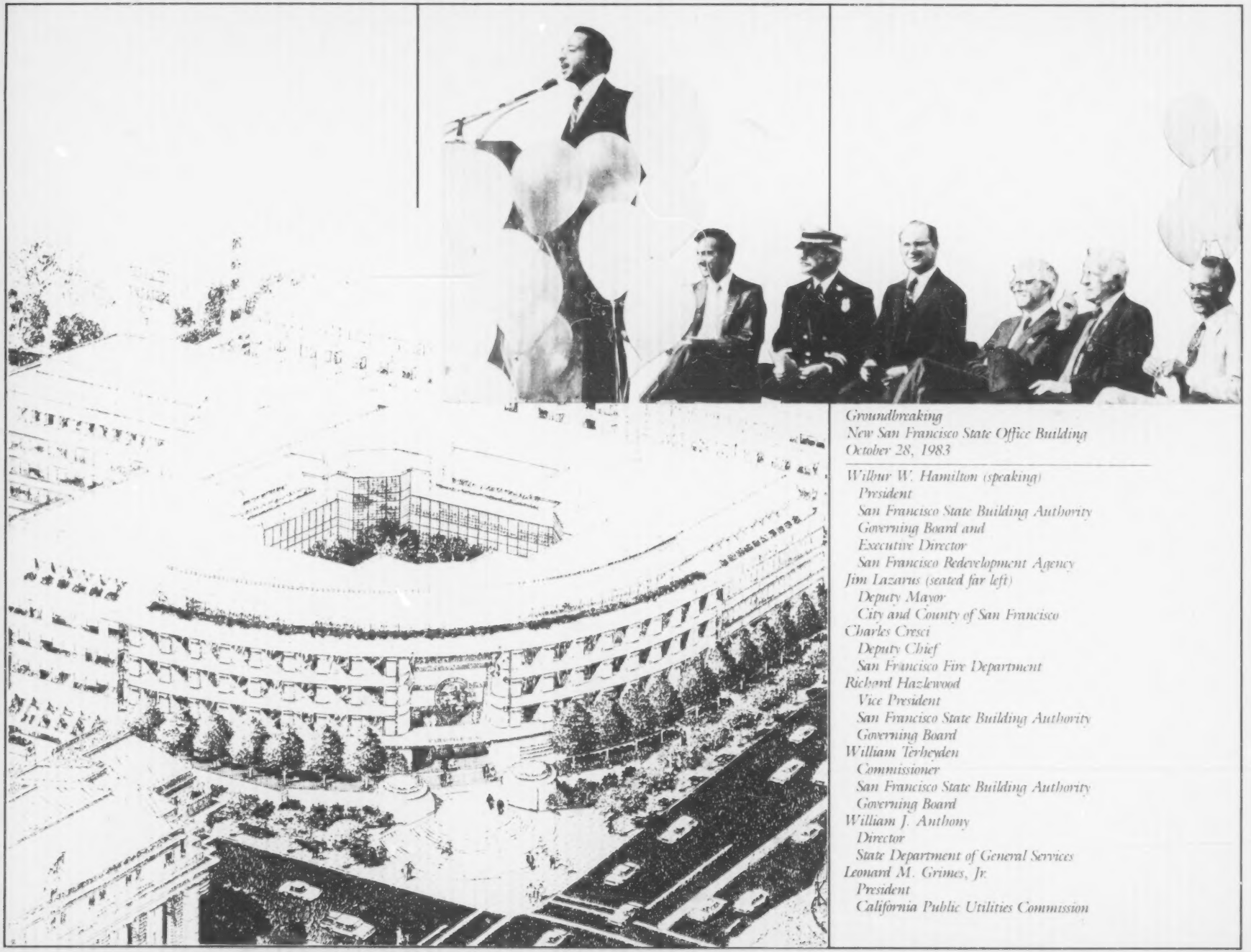


Electric Line Undergrounding

The PUC is continuing its program to encourage electric utilities to replace existing overhead transmission lines with underground lines to improve safety, reliability and the environment. The Commission authorized undergrounding several years ago. In subsequent decisions in 1982 and 1983, after extensive hearings, the PUC reaffirmed its commitment to encourage undergrounding programs. Electric utilities may now re-allocate unexpended funds to communities with active undergrounding programs. The Commission also authorized them to install the first 100 feet of underground service line free of cost to the customer. In 1983, the major California electric utilities had converted 66.5 miles of overhead lines to underground.

California Utilities Natural Gas Flows July, 1984

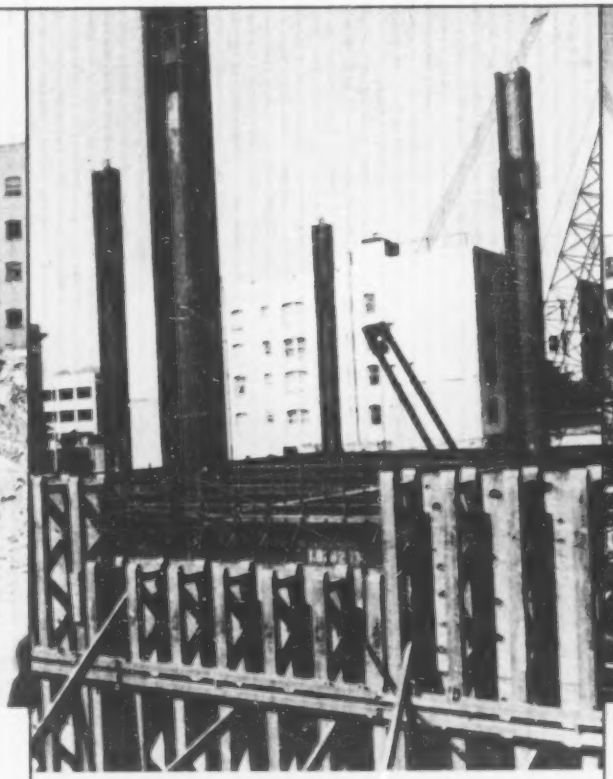




Groundbreaking
New San Francisco State Office Building
October 28, 1983

Wilbur W. Hamilton (speaking)
President
San Francisco State Building Authority
Governing Board and
Executive Director
San Francisco Redevelopment Agency
Jim Lazarus (seated far left)
Deputy Mayor
City and County of San Francisco
Charles Cresci
Deputy Chief
San Francisco Fire Department
Richard Hazlewood
Vice President
San Francisco State Building Authority
Governing Board
William Terheyden
Commissioner
San Francisco State Building Authority
Governing Board
William J. Anthony
Director
State Department of General Services
Leonard M. Grimes, Jr.
President
California Public Utilities Commission

New Building site at time of ground breaking, October 28, 1983



New Building end of Fiscal Year 1983-84 (June 22, 1984)

New Building end of Fiscal Year 1983-84 (July 2, 1984)

TELECOM≈ MUNICA≈ TIONS

Bell System Breakup

Divestiture of seven Bell operating companies from the parent company, American Telephone & Telegraph Co. (AT&T) took place January 1, 1984. The breakup settled a lengthy anti-trust suit against AT&T by the U.S. Dept. of Justice. Divestiture created eight separate corporations: AT&T kept its long-haul toll (long distance service between states) and its manufacturing and research affiliates. Its seven spun-off operating companies now provide local exchange and short-haul toll service (long distance service within states). The effect of the breakup in California was to reduce Pacific Telephone & Telegraph Co. in size by transferring long haul toll services to AT&T. Pacific Telephone became Pacific Bell. Divestiture improved Pacific's financial condition through injections of capital from AT&T. The company showed excellent operating results in the first months of 1984.

The major negative service effect of the Bell breakup was the immediate failure of AT&T to provide timely installation of private line and Wide Area Telephone Service (WATS). Although these problems are nationwide, California and New York suffered the greatest number of delayed orders, despite a very large and costly effort by AT&T to correct the problems.

Deregulation of Customer Premises Equipment

The FCC deregulated customer premises equipment when it was transferred to AT&T upon divestiture. There have been many complaints about the large rate increases imposed by AT&T, but the PUC is unable to handle these complaints due to the FCC deregulation action.

Moore Universal Telephone Service Act

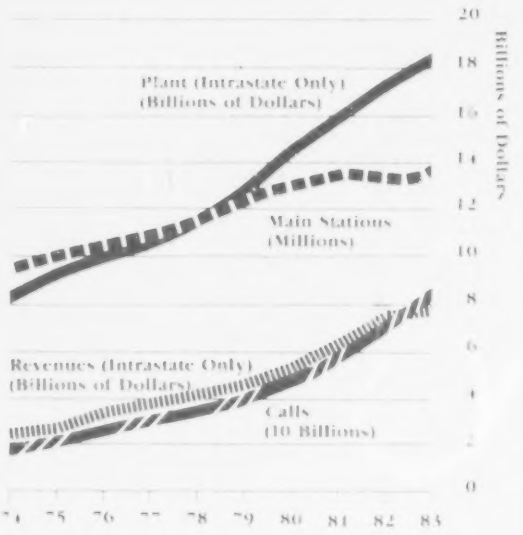
In 1983 the California Legislature passed AB 1324 ("The Moore Universal Telephone Service Act"). This measure required the PUC to implement a program taxing telephone companies on file with the Commission to subsidize local telephone rates for qualified customers. In an April 18, 1984, decision the Commission set a four percent minimum tax on gross receipts from the companies' revenues from service across Local Access and Transport Area ("LATA", or service area) boundaries. The PUC also established a certification program that limited qualification for subsidized service under the Moore Act to households with annual income of $11,000 or less annually. The reduced rates are approximately half the regular monthly rates for local service. They will become effective July 1, 1984.

PUC Investigation Into Long Distance Competition

For most of 1983, the PUC held hearings to determine to what degree long distance competition should be authorized in view of telephone industry changes caused by the Bell Telecommunications System breakup. Ten service areas (LATAs) had been created in California in accordance with the divestiture plan. AT&T was designated to provide long distance service between these ten calling areas in a January 1984 PUC decision. Since that time, the Commission has authorized approximately 60 providers and/or resellers of telecommunications services between calling areas to enter into competition with AT&T and with each other. But the Commission limited the provision of service *within* calling areas to local exchange companies. Limiting the provision of service within calling areas to local exchange companies was designed to ensure that toll revenues would continue to flow to companies such as Pacific Bell and General Telephone Co. of California, keeping local basic rates low and preserving universal telephone service.

The Commission authorized Pacific Bell to physically block all unauthorized calls within LATAs once customers had full choice of long distance companies competing between calling areas. This access by customers to competitors called "equal access" will be achieved gradually from 1986 through 1991.

Growth of Large Telephone Utilities



Access Charges

After the breakup of the Bell System and the advent of competition in the long distance telephone market, the PUC found it necessary to establish a system of tariffed access charges. These charges enable local exchange telephone companies to recover the costs of providing connecting facilities and services so that calls can be completed over the facilities of interexchange long distance carriers. In June 1983 Pacific Telephone (now Pacific Bell) filed an application to establish access charges for intrastate long distance services. After expedited hearings the PUC issued an interim decision in December 1983. This decision set ground rules for access service tariffs to be filed by all local exchange telephone companies in California effective January 1, 1984, the date of the Bell System breakup.

Major policy determination reached by the PUC in the December 1983 access charge decision included the following:

- Access charges should be paid entirely by the long distance carriers, with no charges to be paid by residential or business customers.
- Access charges for service provided within California should be set at parity with FCC-approved charges for service between states, to the extent possible.
- AT&T Communications, the dominant long distance carrier, should be required to pay a premium access charge because of its superior quality of access service, but this premium should be set at a lower level than for comparable interstate access charges.
- Initially, access charges should generate the same level of revenues as was generated through the former toll settlement arrangements.

Further Commission hearings were set to begin in July 1984 to resolve numerous subsidiary issues and to respond to changes in FCC-proposed interstate access charges.

Small telephone utilities were allowed by the PUC decision to concur in Pacific Bell's access charge tariff. General Telephone developed its own schedule of carrier access charges which were considered in hearings on General's rate case.

Federal Access Charges

Prior to the Bell breakup, rates for long distance calls between states paid part of the costs of the local telephone exchange "subscriber plant". Subscriber plant is that part of the plant that includes the wires from the central office to the customer's premises. In past years, about a quarter of that cost was allocated to the interstate operation through separations procedures. Funds from interstate rates permitted state regulators to keep local basic rates lower than they would be without allocation. By the same token, interstate long distance rates are higher than they would be without allocation. FCC concern with these costs prompted an investigation by that Commission to determine if costs assigned to interstate service should be reduced.

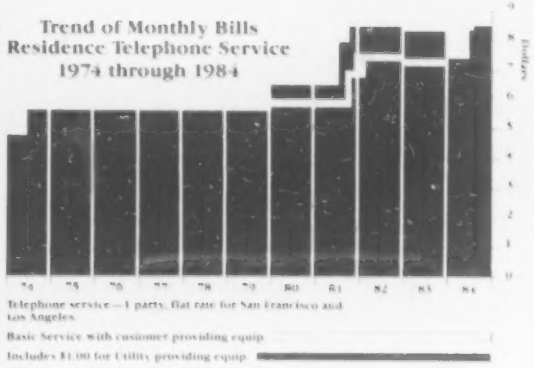
The FCC in November 1982 adopted a plan to shift costs from interstate back to the local exchange subscriber. The plan provided that a large part of fixed exchange plant costs formerly allocated to interstate should be recovered by flat charges assessed on a per-line basis against residential and business customers. This customer, or "end-user" charge is called a "customer access line charge" (CALC). The FCC ruling provided a seven-year transition period for reallocating these costs, beginning with a minimum CALC of $2 per month for residence and $4 monthly for business customers. The FCC order made these charges effective January 1, 1984, concurrent with the Bell System breakup.

The PUC and other state commissions objected to two main aspects of the FCC order: first, it appeared that the FCC had taken it upon itself to go into the business of making local exchange rates; second, the PUC felt the high fixed CALCs the FCC order imposed would threaten affordable local exchange service for low-income customers in California and elsewhere. California and other states appealed the FCC ruling in federal court. In June 1984 the Appellate Court

upheld the FCC ruling in almost all respects.

Consumer groups and some members of the U.S. Congress were also concerned with the effects of the FCC order on low-income telephone customers. Appeals from Congress caused the FCC to delay imposing the charges until mid-1985, and to limit the amount of residential CALC to a maximum of $4 through 1989.

But the FCC made a multi-line business access charge effective in March 1984. This order was also delayed but charges went into effect on May 25, 1984, at a monthly rate per line of $4.78 for Pacific Bell's multi-line business customers.



Radiotelephone Utility Certificate Requirements Eased

The FCC assigns radio frequencies to radiotelephone utilities (RTUs). It recently opened 69 new channels for use in RTU operations, making an additional 63 RTU channels available. To reconcile PUC policies with changed FCC policies, the Commission amended Rule 18(o) to emphasize its concern over the effects granting RTU applications will have on the adequacy of existing service to the public.

Federal Joint State Board on Separations

The FCC was mandated by the U.S. Congress to establish a federal-state Joint Board to develop separations methods for allocating costs between state and interstate telecommunications operations. Four state regulatory commissions and three federal commissions comprise the Joint Board. Although state representatives comprise the majority on the board, the FCC has final review and veto power over Joint Board orders. California no longer has a Commissioner on the Joint Board but a member of the PUC's Communications Division is a Joint Board staff representative. California has been very critical of the FCC's power to manipulate the Joint Board. The FCC is empowered to adopt an access charge plan prior to the Joint Board's adoption of an allocation plan. This allows it to dictate the nature of the revenue allocation plan. The ensuing separations plan for allocating a large part of the local telephone exchange plant results in an arbitrary allocation of 25 percent of costs to the interstate jurisdiction. In turn, the FCC's CALC Plan will reverse that allocation and recover it from the local exchange ratepayer—not the interstate long distance user. California has appealed the FCC's gross 25 percent allocation plan to the federal court.

Cellular Radio Advances

The new system of cellular radio service established by the FCC in 1981 promises a new service equal to the quality of mobile telephone service.

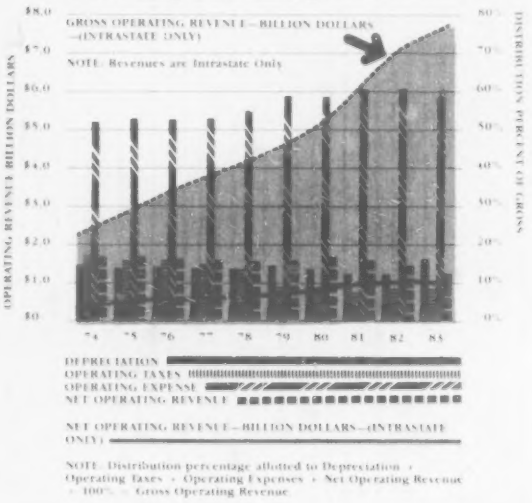
Cellular radio telecommunications replaces the single high-powered base station in conventional mobile telephone systems with a network of low-powered stations called "cell sites." This reduces the range of radio transmission and permits the same radio frequency channel to be used simultaneously in various parts of the coverage area. Cellular service effectively multiplies the number of channels available for mobile telephone use and reduces the chance of receiving a busy signal to two percent. The existence of over 300 frequency channels, reusable many times in a large geographical area, makes it possible to provide service to tens of thousands of customers. The older mobile telephone service could serve only a few thousand customers.

On April 4, 1984, the PUC granted a certificate of public convenience and necessity to serve the Los Angeles Standard Metropolitan Statistical Area (SMSA). The certificate was granted to a partnership which included Pac Tel Mobile Access, a subsidiary of Pacific Bell, GTE Mobilnet, Continental Telephone Co. and U.S. Cellular Co. Pac Tel Mobile Access is the general partner responsible for operating and maintaining the cellular system and for marketing

cellular service. The partnership provides this service at both wholesale and retail rates. The wholesale/resale rate structure is designed to provide a viable resale plan to foster competition and mitigate any adverse effect of the early entry into the cellular market of a wireline carrier before a non-wireline carrier.

The PUC order requires that resellers of cellular service be certificated utilities. By mid-1984 the PUC had certified over 20 firms to offer resale service. By the end of the year, PUC proceedings were in progress regarding certification of celluar radiotelephone systems in San Francisco, San Jose and San Diego. The Bay Area system is being established by a group headed by GTE Mobilnet. Pac Tel Mobilnet heads the San Diego operation. An additional system is to be provided by a non-wireline carrier in each of these areas. The PUC will certify applications of the licensed carriers after the FCC approves licenses for these carriers. Further authorizations in Sacramento, Fresno and smaller areas are expected in two years.

Distribution of Gross Operating Revenue Large Telephone Utilities in California



New Fiber Optics to Serve Los Angeles Olympics

Pacific Bell and General Telephone companies prepared to provide advanced telecommunications services to the Olympic Games in Los Angeles in July and August 1984. Foremost among the new technologies is fiber optics which will serve over 20 sites where sports competition will occur. Fiber optic cable is composed of tiny strands of fiber glass. The cables are much smaller in size, lighter in weight, easier to install and have greater call-carrying capacity than traditional cable. Use of this new technology in Los Angeles will represent its most elaborate application in the history of communications.

RATE CASES

Pacific Bell

On December 7, 1983, the Commission authorized Pacific Telephone and Telegraph Co. (now Pacific Bell) a rate increase of $446 million effective January 1, 1984.

Customers' basic monthly rates increased by 3.70 percent and long distance rates by 10.36 percent (lifeline service excepted).

Pacific had requested a general rate increase of $838 million; the Commission staff recommended an increase of $317 million. Pacific's application filed in January 1983 was the most complex telephone proceeding to ever come before the PUC. As a result it was divided into two phases, a "business as usual" phase and a divestiture and final rate design phase.

One of the most controversial issues heard by the Commission was the staff's recommendation that Pacific did not receive a return on some $483.5 million in rate base that the staff considered as "underutilized plant." The PUC allowed only one-half the authorized return on the unused plant which lowered Pacific's revenue requirement by $48 million.

On June 13, 1984, the Commission decided the second phase of Pacific's rate application. It authorized Pacific an increase of $131 million over and above the $446 million authorized in the December 7, 1983, decision. Pacific had requested over $400 million; the staff had recommended $270 million. In its decision the PUC authorized Pacific to remove most of the surcharged rate, establish permanent rates, and increase intrastate, intraLATA toll rates by some $44 million.

Single-party, flat rate monthly service was raised from $6.70 per month (with surcharges) to $8.35 per month. Perhaps the most significant rate increase was that in public telephone or coin rates from 10 cents to 20 cents. In 1952 the rate was raised from five cents to 10 cents.

As a result of Pacific's authorized increases and the revenue sharing arrangements between Pacific and the independent telephone companies in California, approximately $83 million will accrue to the companies in proportion to their relative investment. These revenues will, in most cases, be used to lower existing rates or to reduce revenue requirements of companies requesting rate relief.

AT&T

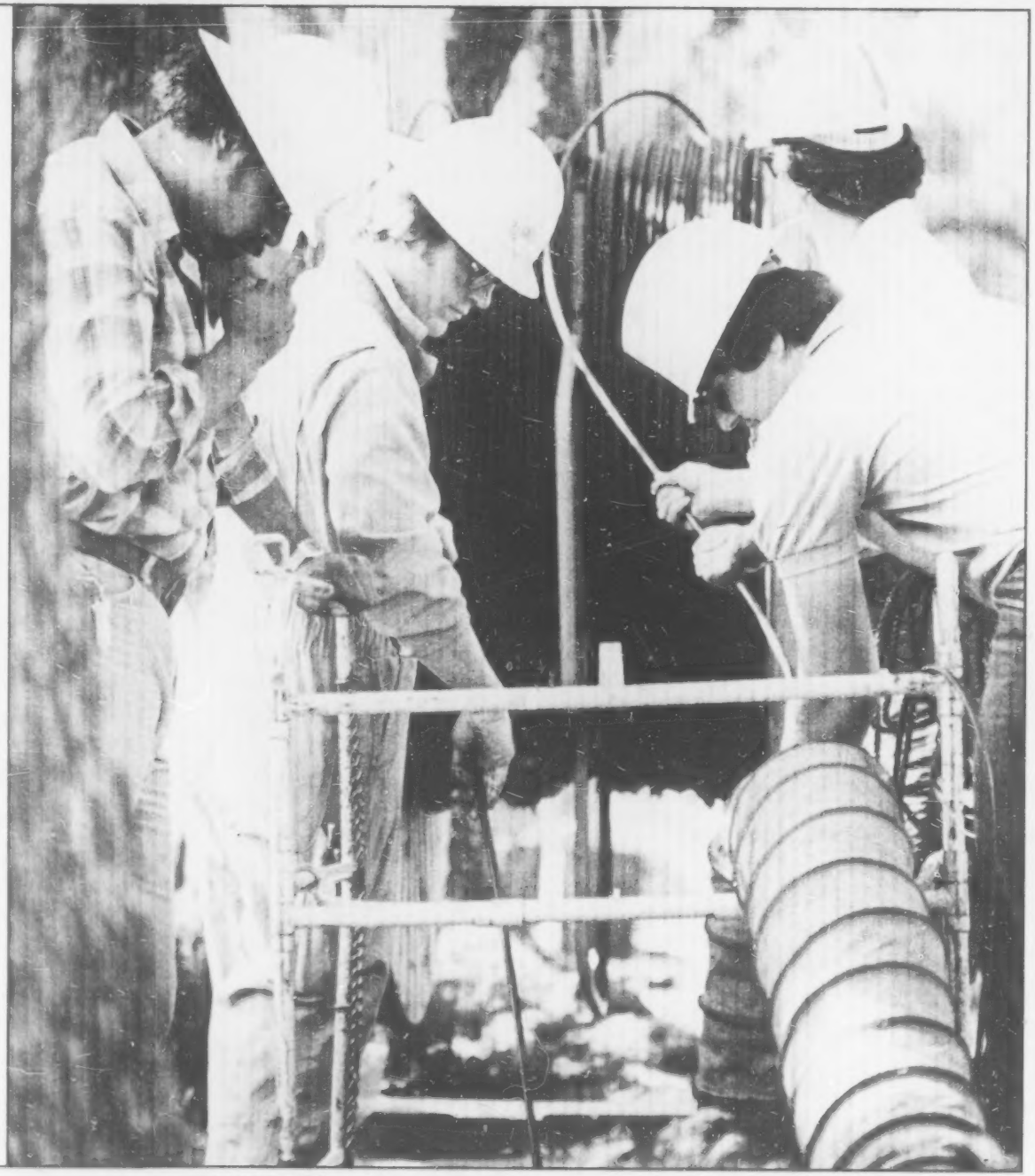
Also on June 13, 1984, the Commission dealt with AT&T's operations in California which before divestiture had been the more lucrative of Pacific's long distance operations.

AT&T had asked for an increase in rates of $8 million; the staff recommended a decrease of $79 million; the Commission adopted a decrease of $73 million. On June 29, the Commission stayed the decrease subject to further hearings.

General Telephone

On December 22, 1983, the Commission authorized General Telephone of California an interim increase of $150.5 million by increasing existing surcharges. The surcharge on basic monthly rates was increased from 18.03 percent to 21.3 percent, and a surcharge of 13 percent on intraexchange or intraLATA toll calls was instituted.

In July 1984 the Commission will rule on contested revenue requirement issues, the adequacy of General's service, rate design, and a staff proposal to reduce General's high uncollectible revenues.



Fiber optic cable being installed for Olympics

Citizens

On October 19, 1983, the Commission authorized Citizens Utilities Company of California an increase of $8.3 million. The increase did *not* provide for achieving the authorized rate of return of 12.41% initially but requires Citizens to adjust rates for additional revenues accruing to Citizens from the June 13, 1984, decision that granted Pacific Bell an increase.

Citizens' last general rate case was in 1951. October's increases raised residential basic rates from the $5–7 range to $12.75. In addition a 25 percent toll surcharge was authorized.

Continental Telephone

On November 2, 1983, the Commission authorized an attrition allowance of $10.8 million for Continental Telephone Company of California effective January 1, 1984. In a previous decision the PUC had allowed Continental to file for additional rate relief to reflect attrition for 1984 to reflect increases in investment, labor, payroll taxes and revenue growth.

Continental requested a $12.8 million increase. The Commission adopted the staff's recommendation of $10.8 million which resulted in a billing surcharge of 21.2 percent on local service revenues.

Small Independent Telephone Companies

There are 20 smaller telephone companies in California with as many as 10,000 customers (CP National) to as few as 136 (Pinnacles). These companies comprise about one percent of the telephone operations in California. Before 1983 many of these companies had not been authorized rate increases in as many as 30 years. Generally, they had no need for rate relief due to their relatively low cost of money and to the sharing of statewide toll or long distance revenues.

But, because toll revenues have lessened and operating costs have risen, these companies are now in need of some rate relief.

Since July 1983 either through an expedited form of rate application known as an Advice Letter or through a formal rate application the following companies have been granted rate increases:

Installation for Olympics

Company	Amount Increase	Percent Increase
Volcano Telephone Co.	$330,000	11%
Kerman Telephone Co.	406,000	20
Tuolumne Telephone Co.	644,100	22
Siskiyou Telephone Co.	364,000	15
Capay Valley Telephone System	39,295	18
Foresthill Telephone Co.	10,000	1.5
CP National	1,116,700	20
West Coast Telephone Co.	425,650	9.7
Ponderosa Telephone Co.	571,000	13
Livingston Telephone Co.	348,874	20
Evans Telephone Co.	251,723	15

Except for Evans and Livingston Telephone companies which were authorized permanent rates (no surcharges) and which reflect revenues accruing from the Pacific Bell decision on June 13, 1984, the increases granted to the other companies are interim. Those companies will soon file for final rates which will reflect the revenues accruing them from the Pacific Bell decision.

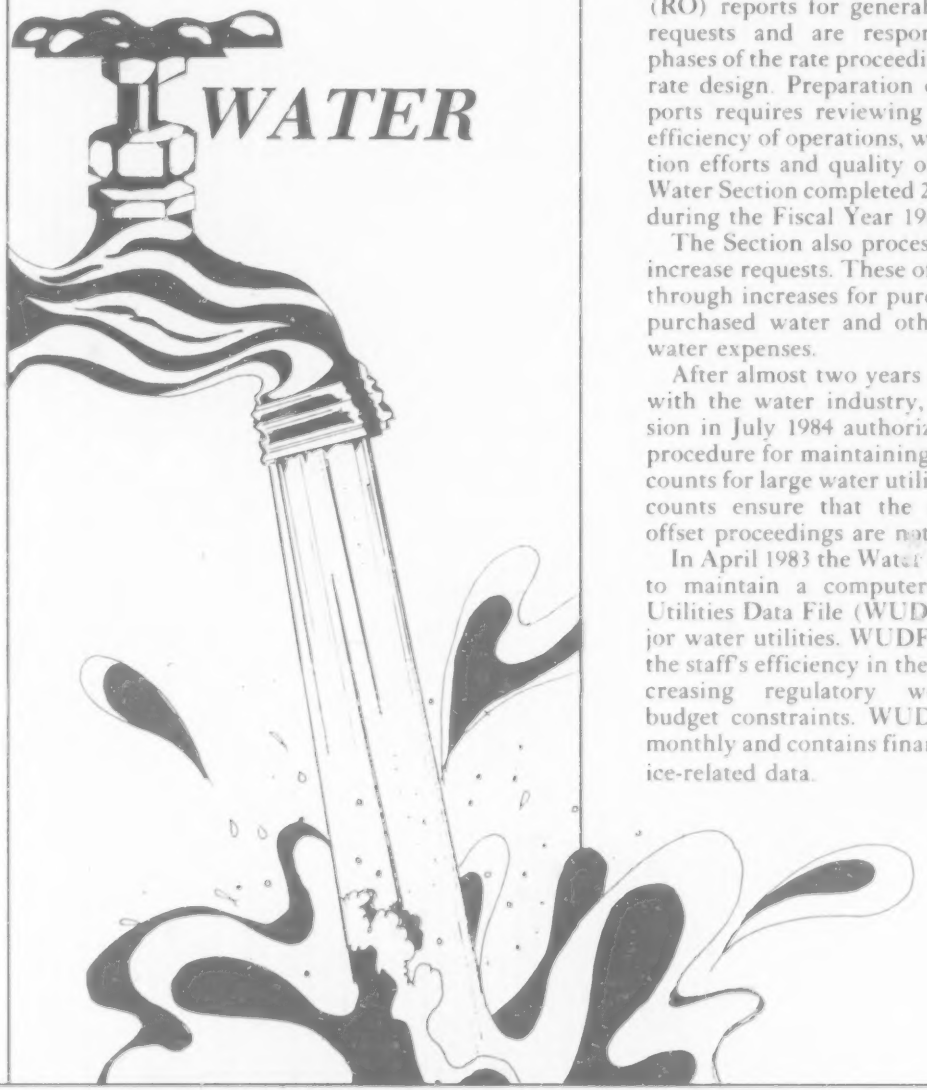
Telephone company employee carries out regular testing of Central Office circuits.

Services for Disabled Persons

The Commission extended the benefits of lower toll rates to users of telecommunications devices for the deaf (TDDs). In its June 13, 1984, general rate decision for Pacific Bell and AT&T, the Commission found that TDD calls take substantially longer than voice communications to transmit the same message and that it is reasonable to relieve the hearing impaired of a portion of the measured telephone service (MTS) charges they incur due to the relative slowness of communications using TDD facilities. The Commission ordered Pac Bell to provide certified TDD households the following discounts from the undiscounted schedule of MTS charges: daytime period service (8 a.m.–5 p.m.)—3 percent; evening period service (5 p.m.–11 p.m.)—60 percent; night period service (11 p.m.–8 a.m.)—75 percent. AT&T-C was required to provide the following slightly different discounts: daytime period service—25 percent; evening period service—50 percent; night period service—75 percent.

The Commission estimated that the annual savings to TDD users resulting from the discount plans is $200,000 for Pacific Bell calling and $300,000 for AT&T-C calling.

In its continuing program to assure that adequate facilities are provided to the handicapped, the Commission staff and Pacific Bell have investigated the feasibility of TDDs incorporating Braille readouts for use by the deaf and blind.



Water Utilities Data File

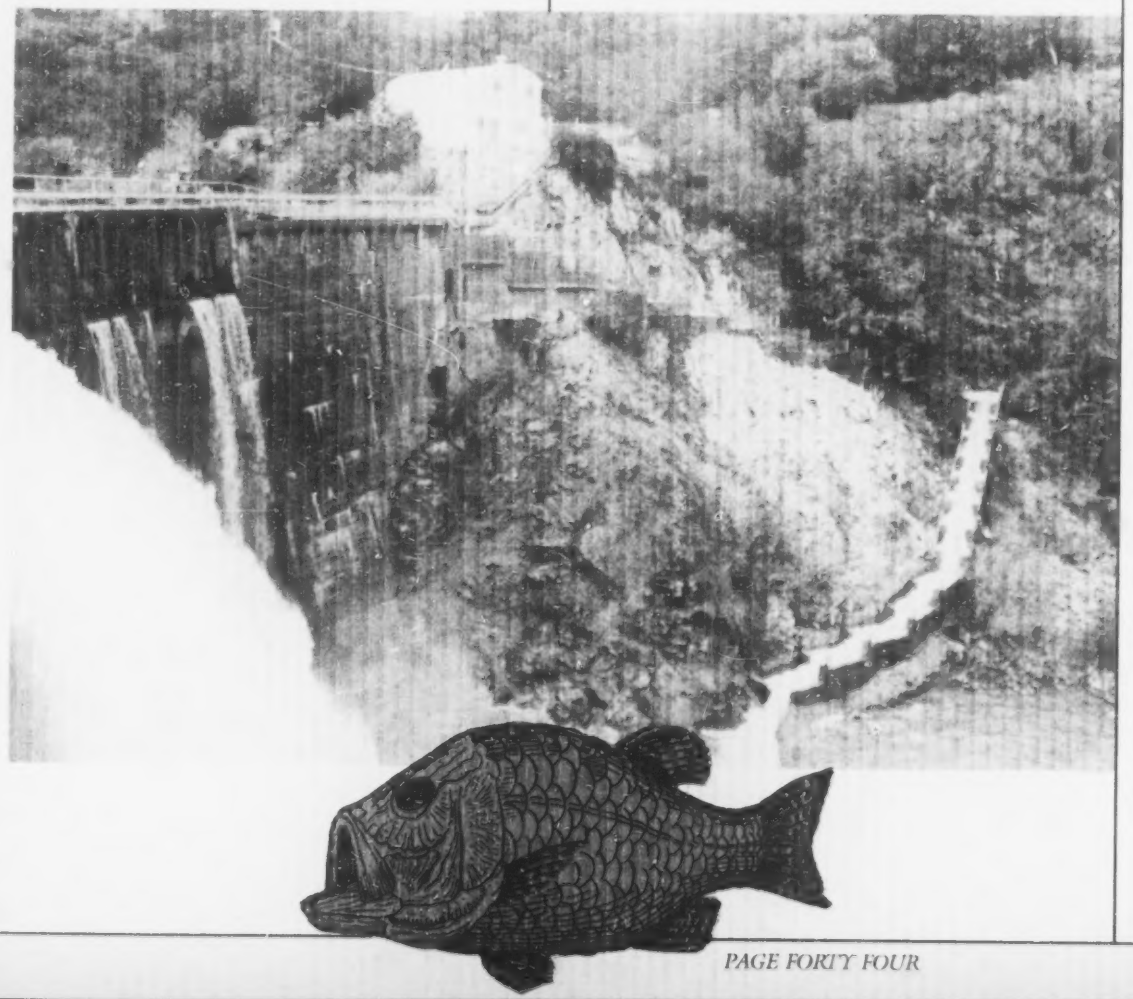
The Water Section is responsible for the regulation of rates of 21 major water utilities, with 66 separate districts. Engineers prepare results of operations (RO) reports for general rate increase requests and are responsible for all phases of the rate proceedings, including rate design. Preparation of the RO reports requires reviewing the earnings, efficiency of operations, water conservation efforts and quality of service. The Water Section completed 22 proceedings during the Fiscal Year 1983–84.

The Section also processes offset rate increase requests. These offsets are pass-through increases for purchased power, purchased water and other significant water expenses.

After almost two years of joint effort with the water industry, the Commission in July 1984 authorized a uniform procedure for maintaining balancing accounts for large water utilities. These accounts ensure that the ratepayers in offset proceedings are not overcharged.

In April 1983 the Water Section began to maintain a computer-based Water Utilities Data File (WUDF) for all major water utilities. WUDF is improving the staff's efficiency in these times of increasing regulatory workload and budget constraints. WUDF is updated monthly and contains financial and service-related data.

The Municipal Water District of Southern California (MWD) sells water to 18 public utility water companies regulated by this Commission who in turn serve approximately 300,000 customers. MWD proposed a $53 per acre-foot increase in water rates to become effective January 1, 1984. Staff testified before MWD on behalf of the 300,000 customers in an effort to reduce the amount of the increase. While not totally successful, the PUC staff did open the lines of communications with MWD staff for the first time. In February of 1984, the MWD proposed to increase its water rates ranging from $18/AF to $60/AF based on different scenarios. The staff again testified, among other parties, before MWD presenting alternate solutions to the problems facing MWD. The Board of Directors finally adopted an increase of $4/AF to become effective July 1, 1984.



Cal-American Water Co. recently installed metal gate at the San Clemente Dam Reservoir to replace several wooden gates. Here, barely visible against the massiveness of the dam and reservoir, PUC Hydraulic Department engineers inspect the dam. To the right is a "fish ladder" required by the California Dept. of Fish and Game. Narrow, terraced waterfall allows steelhead trout to swim upstream to spawn.

Effect of MWD Rate Increase

On January 1, 1984, MWD increased its water rates approximately 30 percent. This increase affected 18 public utility water companies regulated by this Commission serving approximately 400,000 customers.

According to the MWD, the increase was necessary because of a sharp drop in sales last year leaving them with reduced revenues to cover fixed costs.

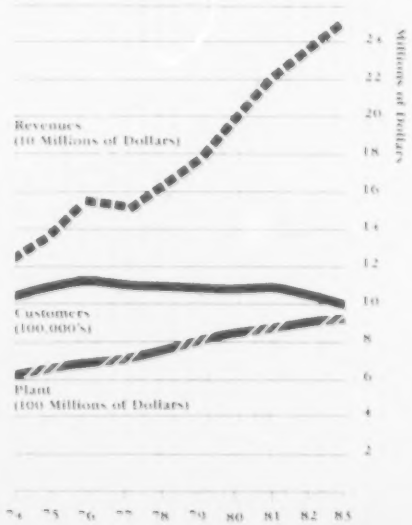
The Commission testified at the MWD's public meeting on the January 1 increase. This was the first time that the Commission has participated in a MWD rate increase proceeding.

As a result of the January 1 increase and the possibility of large future increases, the Commission has requested that the affected public utilities consider alternate water supply mixes to arrive at the least cost for ratepayers.

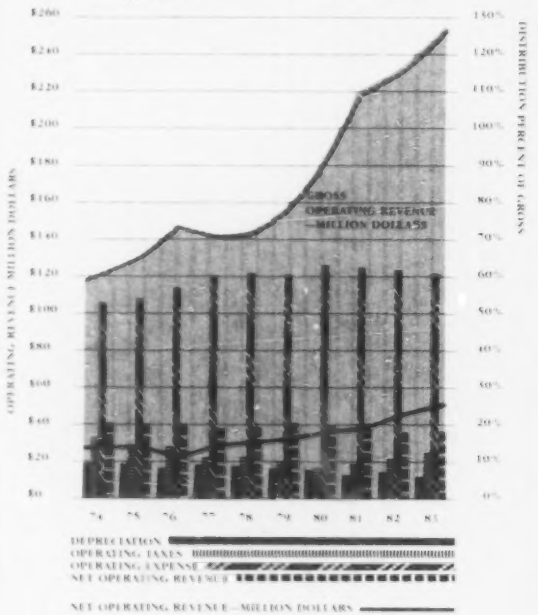
New Law Exempts Some Entities

Recent legislation adding Section 2605.5 to the Public Utilities Code, effective January 1, 1984, exempts from the Commission's jurisdiction, control, and regulation mobilehome park or multiple unit residential complex operators who provide water service to users through a submeter service system. This exemption is valid only if each individual user is charged at the rate which would be applicable if the user were receiving the water directly from the serving public utility water company. These exempted operators were public utilities subject to PUC jurisdiction, control and regulation prior to the new law.

Growth of Large Water Utilities



Distribution of Gross Operating Revenue Large Water Utilities in California



NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

TRANSPORTATION

Transporting Passengers and Property

Federal/State Safety Participation Program Wins Acclaim

During 1983–84 the Commission used civil penalties, resulting from 14 violation reports, to prevent railroads from deferring track and equipment maintenance. This was especially important in accident prevention because Southern Pacific, the major carrier in California, is experiencing more than double the rate of track-defect accidents per mile traveled, than it has in previous years.

The Commission initiated freight car and safety appliances inspection, and surveillance of power brake rule compliance this fiscal year. The inspections have helped the Commission's Federal/State Railroad Safety Program gain national acclaim.

The inspections have intercepted defective equipment before it caused accidents and have helped railroads identify gaps in their own safety inspection procedures.

The Commission Opposes Railroad Abandonment Plan

Since April 1983 the Commission has actively opposed the plan by Northwestern Pacific Railroad Company (NWP) to abandon the only rail line between Willits and Eureka. (NWP formally filed with the Interstate Commerce Commission on September 1, 1983, to abandon the line.)

The Commission took the position that abandonment would have a highly adverse impact on the shippers and communities along the route—especially since Highway 101, the only north-south highway route serving Eureka and the California North Coast area, is already congested and subject to closures.

Commission staff participated in Interstate Commerce Commission (ICC) hearings held December 6–16, 1983. In its decision of February 7, 1984, the ICC denied NWP's abandonment application and ordered the railroad's staff to prepare an Environmental Impact Statement (EIS). The line, which had been closed since a tunnel fire in September 1983 was reopened in March 1984 following the Commission's petition to the U. S. District Court.

The ICC proceedings will remain open pending completion of the draft EIS, tentatively scheduled for late July 1984. The final ICC decision is not expected until late 1984.

The closure of the new rail line forced lumber companies to move their shipments by truck over the winding, narrow and scenic redwood highway. The heavy movement of lumber endangered motorists and to meet this problem the Commission, working with the California Highway Patrol, instituted spot roadchecks to see that intra- and interstate for-hire carriers are registered with the Commission. Registered truckers are required to identify their equipment and maintain liability insurance protection set by the Commission. Out-of-state carriers are also required to have the name of their process agent on file with the Commission, since legal document can be filed on process agents.

Commission Overcomes Safety Compliance Challenge

After its challenge to Commission General Orders was defeated in court action, Union Pacific Railroad corrected numerous safety deviations in its Yermo switching yard. The railroad differed with the PUC staff's interpretation of the Commission's General Orders regarding minimum specifications for railroad worker workspace and walkways adjacent to yard tracks, and had filed suit claiming preemption by federal agencies.

Since workspace and walkway conditions are a major portion of train operation employee injuries, the Commission vigorously seeks compliance with the standards of the General Orders. During the past fiscal year, over 2,000 workspace and walkway safety deviations were

documented and/or brought into compliance in California due to Commission action.

Rail Rapid Transit Systems

In 1983–84 the CPUC was actively involved in safety oversight of seven public rail rapid transit systems. Two systems are in revenue operation: The Bay Area Rapid Transit (BART) 75-mile system and the San Diego Trolley, Inc. (SDTI) 15-mile south line. The Los Angeles County Transit Commission (LACTC) Los Angeles to Long Beach 23-mile line, Sacramento Transit Development Agency (STDA) 9-mile North Line and 10-mile East Line, and the Santa Clara County Transportation Agency (SCCTA) 20-mile San Jose Guadalupe Corridor Line are in various stages of design and construction. Limited revenue operations on some of these systems are expected to begin in 1986. Commission staff is working closely with these projects, inspecting all work done and making recommendations for safety where necessary.

In the existing operational systems, such as BART, new improvements and extensions are at various stages of engineering, design and construction. The total cost of BART's planned improvements will be approximately $500 million when completed in 1987.

Commission Advocates "Lifeline" Bus Services in California

Commission staff testified before Congress in October and November 1983 to dramatize the effects of federal legislation on "lifeline" bus services to California's small and rural communities. Correspondence and studies received by the Commission show that there are many people who are unable to drive or cannot afford automobiles. In many rural communities, the bus provides virtual "lifeline" service. Although Congress was sensitive to these problems, apparently many bus companies have not considered the needs of these communities, nor has the ICC demonstrated its concern.

The Commission requested that Congress amend the Bus Regulatory Reform Act of 1982 to clarify that states may require carriers to continue to provide lifeline service to the communities that have grown dependent on such service when the carriers will still use highways that pass through or in close proximity to the communities. In addition, the Commission asked Congress to pass resolutions requiring bus companies to provide relevant information and more timely and sufficient notice of service abandonments than under the current Act, because carriers are now much less cooperative with state regulatory bodies. This would enable affected communities to make informed decisions on whether to participate in the hearings, offer subsidies, or seek alternative carriers.

Greyhound Loses Fight to Abandon Bus Service, But Wins Fare Increase

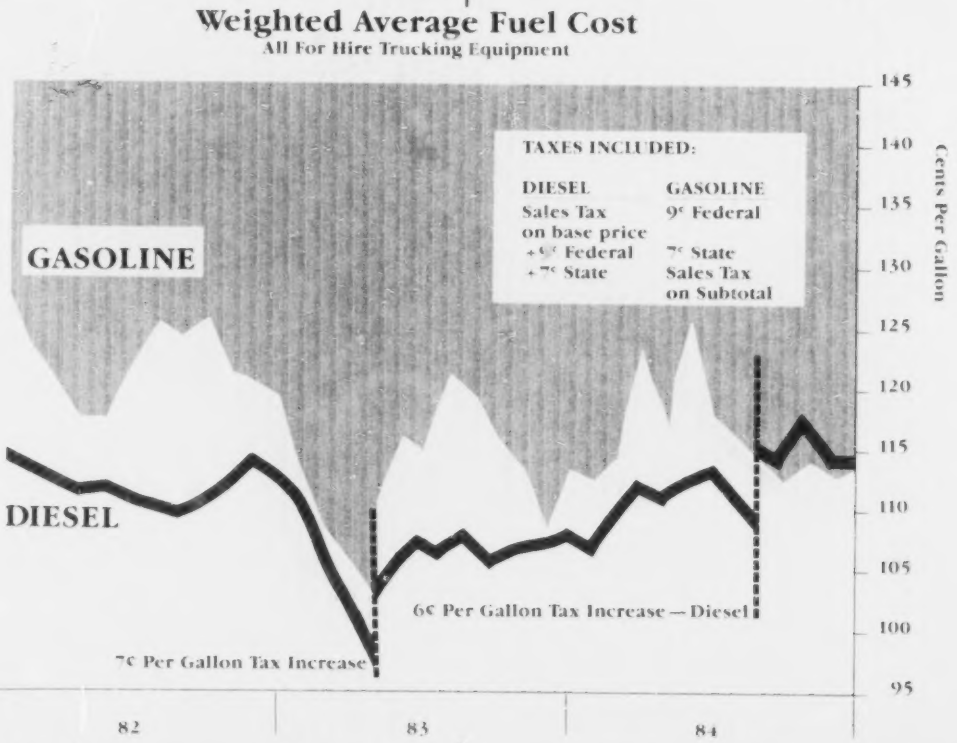
In February 1983 the Commission rejected a Greyhound Lines' application to abandon service to 98 communities in California, citing Greyhound's failure to supply adequate information to evaluate its claim that the public no longer needed bus service at the points proposed for abandonment and Greyhound's failure to provide sufficient notice to affected localities. Greyhound petitioned the ICC in June 1983. The CPUC strongly opposed Greyhound before the ICC, and on May 18, 1984, the ICC accepted the Commission's argument that the ICC lacked jurisdiction and returned the matter to state jurisdiction. Greyhound was compelled to continue serving the small communities it wanted to abandon nationwide, the bus line had already abandoned service to approximately 1,000 small communities.

Although Greyhound lost its service abandonment fight, it successfully appealed to the ICC for authority to increase its California intrastate fares by 15 percent. Greyhound had applied in June 1983 to the CPUC for the 15 percent increase, but was granted only 9.25 percent. Except for a few instances involving procedural error, the ICC has approved all fare increases requested under the provisions of the 1982 Bus Deregulation Act.

SF Peninsula Rail Service Improvements

Several recent changes were made in Southern Pacific's San Francisco Peninsula passenger rail service, also known as "Caltrain." A new Transit Center in Palo Alto was dedicated in June 1983, a relocated station at California Avenue, also in Palo Alto, was dedicated in November 1983, and contracts were negotiated for the purchase of new rolling stock—both passenger cars and locomotives. The new cars are under construction, with delivery scheduled for 1985.

On May 1, 1984, service to downtown San Francisco was improved by the in-



stitution of a shuttle service providing direct service to the downtown area, and a "Peninsula Joint Pass", entitling the holder to unlimited transfer privileges on MUNI, SamTrans, or Santa Clara County Transit.

CPUC Authorizes New Commuter Bus Services

As part of its Statewide Bus Service Development Program, the Commission provides special "quick and easy" certification for new commute bus services, as well as staff assistance to new operators in designing these useful services.

The Commission has certified about 53 commuter bus carriers operating about 200 buses in both northern and southern California. Most of them operate on a self-sustaining basis, requiring no tax subsidies.

CPUC Authorizes New Airport Access Bus Services

Significant new airport bus services were developed this year to help relieve some of the extreme traffic congestion at California's larger airports by enabling people to get to and from the airports without having to drive their cars. Further, the CPUC is authorizing and helping to develop some particularly convenient new services which provide door-to-door carriage upon request.

Collective Ratemaking

The Commission's investigation into the matter of collective ratemaking, where rate bureaus propose rate changes and member carriers vote on them, was originally instituted in 1977. Under present law, the Commission may grant immunity from the State antitrust law to allow collective ratemaking to take place. (Proposals approved at the bureau are then presented to the PUC). Because of fundamental changes in trucking regulation, the investigation was suspended for a time between 1978 and 1982. After reactivation of the proceeding, a series of hearings were held between August 1983 and February 1984. Meanwhile, in a closely related matter, the U. S. Supreme Court agreed in June 1984, to consider the question of intrastate collective ratemaking in relation to federal antitrust laws. The Court's decision in that case may affect the outcome of the Commission's investigation.

Highway Common Carrier Certificate Application Process Streamlined

On May 2, 1984, the Commission authorized the Executive Director to issue new highway common carrier certificates of public convenience and necessity and to transfer existing certificates. In the absence of formal protests, applications for certificates and transfers will not be processed by the staff, thereby speeding the entire process by two to six months or more. In the absence of protests, applications for certificates and transfers will now be processed by the

staff. This accelerates the entire process by two to six months or more. In the absence of protests, and if the applicant is found to have met the standards and requirements established by the Commission, a certificate will be issued to the applicant upon expiration of the 30-day protest period. This new procedure saves a great deal of time and expense for both the applicant and the Commission.

Automation Increases Program Efficiency

During the year, the Commission automated the procedure for notifying freight carriers when they are delinquent in reporting their gross operating revenue and in paying their Transportation Rate Fund fees and Uniform Business License taxes. The computer program prints each delinquent notice in its entirety, including the carrier's name and address. This saves much time and effort previosuly used to type the information. The Commission plans to automate many more of its registration procedures in the coming years.

Rate Reduction Program

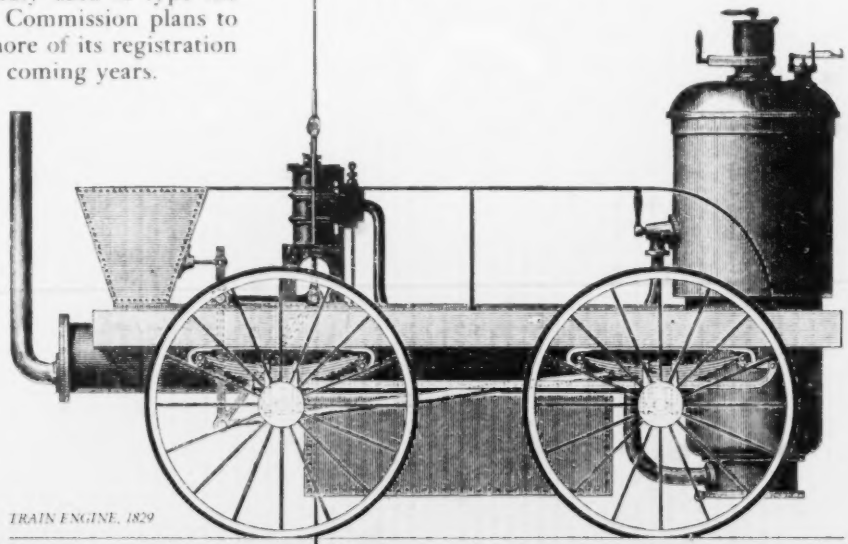
Highway carriers substantially increased filings for rate reduction (rates below transition tariffs and those of competing carriers) during the third full year of the Commission's reregulation program. The Commission received and accepted a total of 540 reduction filings, which includes 510 initial filings and 30 amendments to the filings. Over 200 filings were rejected because of deficiencies in rate provisions or cost data.

Regulation of Bulk Agricultural Commodities

The Commission investigation into whether the bulk agricultural commodity industry in California should be reregulated continued through Fiscal Year 1983–84. A staff (field) study regarding PUC Orders Setting Hearing (OSH) 159 and 174 was completed in late 1983 and public hearings began in November 1983.

Several growers and shippers joined Commission staff supporting deregulation in this transportation area. However, several of the major shippers and growers favored retention of Minimum Rate Tariff (MRT) 14-A.

Hearings continued through May 1984, ending with an *en banc* hearing before the Commissioners on May 31, 1984. It is expected that a Commission decision will be issued early next fiscal year.



TRAIN ENGINE, 1829

Fresh Produce Minimum Rate Tariff Cancelled

As part of its truck reregulation plan, the Commission cancelled minimum rates for the truck transportation of fresh fruits and vegetables, principally from shed to market. The Commission's rationale was to allow carriers greater flexibility in moving produce at the lowest rates compatible with the maintenance of adequate transportation service.

Minimum Rates for Livestock Transportation Retained

MRT 3-A contains minimum rates for the statewide transportation of cattle, sheep and hogs. In a June 1983 decision, the Commission concluded that the tariff should not be cancelled since a significant portion of the shippers and carriers subject to the tariff believed that retention of the minimum rates was necessary and required.

Train Accidents Increase

In spite of the decrease in rail traffic as measured by locomotive miles traveled, the number of train accidents increased by 15 percent during calendar 1983. The leading cause was track structure defect, followed by human error and train equipment defect.

Track structure defect causes were up 22 percent from 1982 and accounted for 37 percent of all train accidents. Human error increased 33 percent from 1982 to account for 30 percent of all reported train accidents. To underscore the necessity for operating rules, Commission staff periodically monitors and participates in operational rule testing of operating employees, both independently and with accompanying carrier officers.

Train equipment defects caused fewer accidents in 1983 than in 1982, the only category showing a decrease.

Accidents Decline at Railroad Grade Crossings

Starting in the early 1960s, the Commission intensified its grade crossing protection and safety programs. In the past twenty years, approximately 3,250 automatic gates were installed, 525 grade separations were constructed and 2,800 grade crossings were closed, with 975 new grade crossings opened. The cumulative effect of the Commission's programs has dramatically reduced the number of accidents and casualties as shown below:

Vehicle-Train Accidents at Public Crossing

		Persons	
	No.	*Killed*	*Injured*
1964	1,207	149	557
1983	291	12	81
% Reduction	76%	92%	85%

Round-Trip Sightseeing Certificates Cancelled

In February and March 1983, the California Supreme Court denied petitions that would have overturned a Commission decision cancelling round-trip certificates. In a September 1982 decision, the Commission concluded that round-trip sightseeing tour service was not a passenger stage corporation service and, therefore, not subject to Commission regulation. Approximately 75 certificates, issued or pending, of public convenience and necessity for round-trip sightseeing service were cancelled during the fiscal year to clear Commission records.

ORGANIZATIONAL FUNCTIONS

EXECUTIVE DIRECTOR

The Commission appoints the Executive Director and holds the director responsible for the Commission's executive and administrative duties. These duties involve coordination, supervision and direction of the Commission's operations and affairs. The director also expedites all matters within the Commission's jurisdiction.

Except for the General Counsel and Commissioners', divisions heads and other employees report their job activities and performance to the director.

He or she handles all budgetary and procurement matters relating to personnel, services and material, in addition to preparing and presenting the Commission's budget to the State's fiscal officers and the Legislature.

The Executive Director keeps a full and true record of all Commission proceedings, issues all necessary process, writs, warrants, and notices. He or she may also dismiss complaints on applications when all parties are in agreement, in accordance with rules prescribed by the Commission.

The director also administers oaths, certifies to official acts and issues subpoenas for witnesses' attendance and produces records needed at Commission hearings and investigations.

LEGAL DIVISION

Section 307 of the Public Utilities Code provides that the General Counsel shall represent the Commission and the People of the State of California in all proceedings involving any question under the Public Utilities Act. The General Counsel heads the Legal Division whose basic function is to provide advice and representation in all matters having to do with the regulation of California utilities.

The Legal Division is divided into four sections:

Advisory and Appellate Section

Reviews petitions for rehearing of Commission decisions and recommends to the Commission the granting, denial or modification of such petitions. It also defends Commission decision on appeals to the California Supreme Court. This section advises the Commission, staff and the general public on all legal matters.

Staff Counsel Section I

Is responsible for compliance with the Commission's decision which established an expedited rate procedure for the major gas, electric and telephone utilities. It is also responsible for the electric and gas utility fuel cost and sales offset proceedings. It provides staff attorneys for certain aspects of rate increase applications. Staff Counsel I represents the Commission in matters before other state agencies and provides legal support for the Commission's legislative activities.

Staff Counsel Section II

Is assigned all hearings other than general rate proceedings of major utilities. It is responsible for rate adjustments for the major energy utilities. Subpoenas to Commission employees or for Commission records are relayed to this section. This section is also active in the preparation, study and review of environmental reports on proposed utility projects under the California Environmental Quality Act.

Federal Agencies Section

Represents the Commission before federal administrative agencies and the federal courts. Attorneys from the section represent the Commission in federal appellate court proceedings resulting from federal agency litigation. It has participated in proceedings before the Department of Energy, the Nuclear Regulatory Agency, the Interstate Commerce Commission, the Federal Communications Commission and other agencies.

UTILITIES DIVISION

Professional, technical and clerical personnel make up the Utilities Division staff that provides support for many of the Commission's regulatory responsibilities involving the State's investor-owned electric, gas, water, sewer and steam heat utilities.

The division works on utility rates, fuel and power costs, service, project certifications, resource plans, environmental reports, conservation, safety and tariffs, and reports its findings to the Commission. It also participates as parties in formal proceedings, monitors utility compliance with Commission

general orders and decisions, and conducts investigations and analyses of energy and water utility policy issues.

The division is organized into six program branches:

Energy Conservation, Energy Service and Safety, Fuels and Operations, Hydraulic, Rate Design & Economics and Resource Planning & Projects.

COMMUNICATIONS DIVISION

It is the responsibility of the Communications Division to administer legislative statutes and Commission orders pertaining to investor-owned telephone, telegraph, radiotelephone and common carrier utilities which provide service within the State of California.

POLICY AND PLANNING DIVISION

The Policy and Planning Division looks beyond the Commission's daily responsibilities to analyze emerging policy issues and changes into the regulatory environment caused by new economic, financial, institutional and technological trends. The division's analyses are reviewed by the Commission to determine how these trends will affect its role and procedures.

REVENUE REQUIREMENTS DIVISION

The Revenue Requirements Division regulates major utility rates and financing, and advises the Commission on auditing, accounting, engineering and economic matters. The division's multi-disciplined staff consists of CPA-accountants, economists and professional engineers.

TRANSPORTATION DIVISION

The Transportation Division sees that rates fixed by the Commission are just and reasonable and that the service regulated carriers provide the public is adequate. It also makes sure that these regulated carriers, freight trains and trucks, privately-owned passenger buses, railroads and vessels, adhere to the state's rates, rules and regulations governing transportation. In addition it oversees the safety of railroad operations and grade crossings and of certain public rail transit systems.

As part of its administrative duties, the division issues licenses to operate and collect statutory fees.

MANAGEMENT SERVICES DIVISION

The Management Services Division provides numerous support services essential to the Commission's daily operation. The Division also carries out a number of statutory functions required by the Public Utilities Code. Among the program responsibilities of the division are those concerned with Administrative Services, Data Processing, Personnel, Employee Training and Development, Fiscal Operations and Budget Planning.

PUBLIC AFFAIRS DIVISION

The Public Affairs Division includes:

- The News Bureau, which keeps the public informed of PUC policy and action by means of the print and broadcast media, and a variety of special publications.
- A Special Projects Unit, which arranges conferences, seminars and workshops and publishes documents related to them.
- The Consumer Affairs Branch which handles protests, complaints and inquiries from individual utility customers, and keeps the Commission informed of consumer concerns.

DIVISION OF ADMINISTRATIVE LAW JUDGES

The Division of Administrative Law Judges assists the five Commissioners in discharging the quasi-judicial/legislative functions conferred upon the Commission by the California Constitution and Statutes. In essence, it is a support division that assists the Commission with its hearing process and analysis of evidence and recommendations presented in formal proceedings.

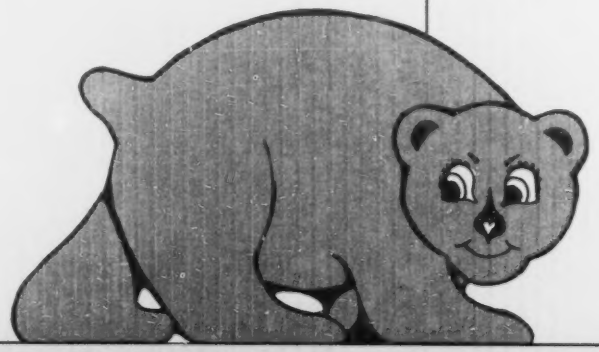
The following breakdown is a summary of Commission activity by days of hearing and number of decisions in formal proceedings.

CONSUMER AFFAIRS SUMMARY REPORT

UTILITIES	SAN FRANCISCO	LOS ANGELES	TOTAL
Total Cases Filed	23,226	28,124	51,350
Backlog Carryover	438	988	1,426
Cases Closed	23,243	28,154	51,397
Cases Still Open	421	958	1,379
Money Refunded	$144,333.77	$408,824.08	$553,157.85

CENTREX-TRANSFER	
PG&E	1,970
PAC BELL	2,531 (N)
	5,535 (S)
GENERAL	1,617
EDISON	1,339
SOCAL GAS	1,090
	14,082
CAB FILED	51,350
TOTAL	65,432

CASE DETAIL	FILED			STILL OPEN			MONIES REFUNDED	
	SF	LA	TOTAL	SF	LA	TOTAL	SF	LA
Communications	11,132	15,531	26,663	181	595	776	$98,810.79	$201,672.42
Electric	9,347	4,849	14,196	144	124	268	35,240.56	125,034.70
Gas	1,227	5,365	6,592	52	171	223	7,017.64	43,821.04
Water	846	1,201	2,047	40	62	102	3,222.43	38,242.70
Other	674	1,178	1,852	4	6	10	42.35	53.22
TOTALS	23,226	28,124	51,350	421	958	1,379	$144,333.77	$408,824.08



CALIFORNIA BEAR

ANNUAL HEARING/DECISION ACTIVITY REPORT

UTILITY MATTERS

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branches	Executive Session	Total
WATER AND SEWER UTILITIES								
Complaints	2	–	2	4	13	1	1	15
Rate Matters	22	27	17	66	26	–	1	27
Certification/Transfers	–	1	3	4	19	–	–	19
Miscellaneous	3	5	2	10	11	6	1	18
Commission Investigations	2	–	–	2	4	–	–	4
Finding of Just Compensation—Condemnation	20	–	–	20	4	–	–	4
Subtotal	49	33	24	106	77	7	3	87
ELECTRIC UTILITIES								
Rate Matters (General Rate Cases)	47	8	9	64	8	–	3	11
ECAC—(Energy Cost Offset)	92	12	3	107	12	–	1	13
Certification								
Power Plants	1	–	–	1	5	–	–	5
Transmission Line Siting	4	–	5	9	2	–	1	3
Deviations from Undergrounding Rules	–	–	–	-	5	–	–	5
Complaints	3	8	2	13	5	–	2	7
Electric Safety/Line Extension	2	–	–	2	–	2	–	2
Miscellaneous	18	2	6	26	11	4	1	16
Subtotal	167	30	25	222	48	6	8	62
GAS UTILITIES								
Rate Matters (General Rate Cases)	6	3	–	9	1	3	1	5
Gas Cost Offset—(Offset Matters)	10	21	2	33	8	–	1	9
LNG Siting	25	16	1	42	1	–	–	1
Gas Safety	1	–	–	1	3	–	–	3
Certification of Facilities	–	–	–	–	2	–	–	2
Complaints	–	1	–	1	3	–	–	3
Gas Service Priorities—Curtailment	–	–	–	–	–	–	–	–
Miscellaneous	2	–	–	2	3	–	–	3
Subtotal	44	41	3	88	21	3	2	26

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branches	Executive Session	Total
MULTI UTILITIES								
Gas and Electric (Rates)	45	3	16	64	17	1	5	23
Complaints	14	1	7	22	18	–	2	20
Commission Investigations	16	–	–	16	11	–	1	12
Miscellaneous	2	–	–	2	21	1	6	28
Subtotal	77	4	23	104	67	2	14	83
TELEPHONE UTILITIES/COMMUNICATIONS								
Rate Matters (General Rates)	100	15	3	118	26	3	4	33
Commission Investigations	10	2	5	17	14	–	3	17
Terminal Equipment—PBX Sales—Pricing	–	–	–	–	–	3	1	4
Radio Telephone Utility (RTU) Certification	12	8	–	20	40	–	1	41
Complaints	19	19	3	41	27	1	5	33

Miscellaneous	53	–	–	53	13	4	5	22
Subtotal	194	44	11	249	120	11	19	150
FINANCING/TRANSFER OF UTILITIES OR CONTROL								
Combined Gas & Electric Utilities	–	–	–	–	–	4	–	4
Gas (Only)	–	–	–	–	1	4	–	5
Electric (Only)	–	–	–	–	–	10	–	10
Telephone	2	–	–	2	9	14	–	23
RTU	–	–	–	–	3	–	–	3
Water/Sewer	–	–	1	1	12	6	–	18
Subtotal	2	–	1	3	25	38	–	63

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branches	Executive Session	Total
ALTERNATIVE ENERGY—CONSERVATION								
Zero Interest Financing	–	–	–	–	–	–	–	–
Gas	–	–	–	–	–	–	–	–
Electric	–	–	–	–	–	–	–	–
Residential Conservation Service (RCS)	9	–	–	9	–	–	–	–
Gas	–	–	–	–	3	1	–	4
Electric	–	–	–	–	–	1	–	1
Load Management (Electric Only)	–	1	–	1	–	–	–	–
Solar Financing—Demonstration	–	–	–	–	1	–	–	1
Gas	–	–	–	–	3	3	2	8
Electric	–	–	–	–	2	–	–	2
Solar Related Matters	–	–	–	–	–	–	–	–
Gas	–	–	–	–	–	–	–	–
Electric	–	–	–	–	–	–	–	–
Utility Resource Plan (Electric Only)	–	–	–	–	–	–	–	–
Cogeneration—Small Power Production (Electric Only)	–	–	–	–	–	–	–	–
OIIs—OIRs	1	–	–	1	3	–	–	3
Individual Applications	4	–	–	4	3	–	–	3
Subtotal	14	1	–	15	15	5	2	22
TOTAL UTILITY	14	1	–	15	15	5	2	22

TRANSPORTATION MATTERS

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branches	Executive Session	Total
HIGHWAY CARRIER RATES								
Rate Increase Applications and/or Minimum Rate Case Petitions for Modification	20	8	2	30	36	90	3	129
Applications for Deviations From Minimum Rates	–	4	–	4	24	3	1	28
Commission OIIs or OIRs Into Generic Rate Matters and/or Rules or Policy	11	3	–	14	10	–	2	12
Rate Enforcement (OIIs)	4	3	–	7	2	1	2	5
Safety-Insurance Matters	–	–	–	–	–	–	–	–
I&S Complaints About Rate Levels	–	–	–	–	2	2	–	4
Complaints (Other Than Rate Levels)	–	4	–	4	4	–	–	4
Miscellaneous	1	–	–	1	5	2	–	7
Subtotal	36	22	2	60	83	98	8	189

HIGHWAY CARRIER CERTIFICATION AND TRANSFER OF OPERATING AUTHORITY								
Common Carriers (Certificates)	9	–	–	9	64	3	–	67
Permitted/Specialized Carriers (e.g., Dump Truck)	10	1	–	11	37	1	–	38
Subtotal	19	1	–	20	101	4	–	105
HIGHWAY CARRIER FINANCING—ACQUISITION ACQUISITION OF CONTROL								
(Issue Stock, Bonds, or Acquire Stock Control of Entity)	–	–	–	–	20	9	–	29
Subtotal	–	–	–	–	20	9	–	29

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branches	Executive Session	Total
SURFACE PASSENGER MATTERS								
Certification & Transfer of Operating Authority								
Passenger Stage	3	18	2	23	93	35	2	130
Charter Party	1	–	–	1	147	5	–	152
Vessel	–	7	–	7	6	4	–	10
Rates								
Passenger Stage	–	–	–	–	–	7	1	8
Vessel	–	1	–	1	–	–	–	–
Complaints								
Bus: Passenger Stage	8	3	–	11	6	4	3	13
Charter Carriers	–	–	–	–	–	–	–	–
Vessel	1	–	–	1	–	–	1	1
Rail	–	–	–	–	1	–	–	1
BART	–	–	–	–	1	–	–	1
OIIs-OIRs								
Bus	–	–	–	–	1	–	–	1
Vessel	–	–	–	–	–	1	–	1
Rail	–	–	–	–	–	–	–	–
BART	–	–	–	–	–	–	–	–
Safety—Compliance/Safety Rules								
BART	–	–	–	–	–	–	–	–
Rail Safety	2	1	–	3	6	2	–	8
Bus	–	–	–	–	–	–	–	–
Vessel	–	–	–	–	–	–	–	–
Subtotal	15	30	2	47	261	58	7	326
RAIL CROSSINGS								
Applications	2	–	1	3	9	47	–	56
OIIs-OIRs	2	2	–	4	1	–	1	2
Complaints	–	–	–	–	–	–	–	–
Subtotal	4	2	1	7	10	47	1	58
MISCELLANEOUS								
Pipeline	2	–	–	2	1	3	–	4
Surface Passenger Matters	–	–	–	–	–	–	–	–
Subtotal	2	–	–	2	1	3	–	4
TOTAL TRANSPORTATION	76	55	5	136	476	219	16	711

ALJ HEARINGS

Alderson	67	Mallory	49
Baer	14	Mattes	63
Banks	10	Meaney	42
Boneysteele	22	Mooney	6
Carlos	–	Myers	24
Colgan	30	O'Leary	26
Doran	44	Patrick	55
Fraser	6	Pilling	8
Gilman	15	Porter	30
Haley	21	Power	63
Henderson	38	Tomita	36
Jarvis	25	Turkish	32
Johnson	20	Weiss	14
Lemke	21	Wright	30
Levander	27	Wu	76
Main	12	TOTAL	926

ANNUAL SUMMARY

	Hearing Days				CPUC Decisions			
					ALJ	Executive		
	SF	LA	Other	Total	Div.	Branches	Session	Total
UTILITY	547	154	87	788	373	77	43	493
TRANSPORTATION	76	55	5	136	476	219	16	711
TOTAL	623	209	92	924	849	296	59	1,204

Of the 1,204 decisions, 110 decisions were issued by Executive Director order and 23 transportation decisions closed by Resolutions.

STATISTICAL SECTION UTILITIES

RATE REVISIONS

Type of Utility	Rate Revision
INCREASES	
Gas	$258,022,115
Steam	356,000
Electric	1,116,477,713
Communications	2,412,835
Water	27,433,210
TOTAL	1,404,701,873
REDUCTIONS	
Gas	106,910,000
Steam	—
Electric	620,922,390
Communications	73,100
Water	—
TOTAL	727,905,490
NET CHANGE	
Gas	151,112,115
Steam	356,000
Electric	495,555,323
Communications	2,339,735
Water	27,433,210
TOTAL	$676,796,383

NATURAL GAS PROCEEDINGS

Application No.	Utility	Rate Increase ($) Requested	Authorized	Percent	
60700/1	Pacific Gas & Electric	63,867,524	63,867,524	100	@
61081	Southern California Gas	58,336,000	58,336,000	100	+
82-05-52	C. P. National	23,618	23,618	100	*
82-05-53	C. P. National	137,737	137,737	100	*
82-07-05	Southwest Gas Corporation	1,372,236	1,372,236	100	*
82-12-48	Pacific Gas & Electric	146,107,000	78,787,000	54.0	*
82-12-57	San Diego Gas & Electric	10,700,000	4,215,000	39.4	*
82-12-57	San Diego Gas & Electric	(4,100,000)	(4,100,000)	100	=
82-12-57	San Diego Gas & Electric	(9,741,000)	(9,741,000)	100	=
83-03-38	Pacific Gas & Electric	(13,200,000)	(15,977,000)	121.04	+
83-03-56	San Diego Gas & Electric	69,300,000	34,100,000	49.2	+
83-03-25	Southern California Gas	(77,092,000)	(77,092,000)	100	+
83-09-26	Southern California Gas	18,500,000	10,355,000	56.0	@
83-09-58	San Diego Gas & Electric	12,600,000	6,728,000	53.4	+
TOTAL		276,811,115	151,012,115	54.6	
Pass Through Increases		132,311,524	80,317,524	61.0	+ @
General Rate Increases		158,340,591	84,535,591	53.4	*
Other		(13,841,000)	(13,841,000)	100	=
TOTAL		276,811,115	151,012,115	54.6	

STEAM PROCEEDINGS

57202	Pacific Gas & Electric	221,000	221,000	100	+
82-12-57	San Diego Gas & Electric	100,000	135,000	135.0	*
TOTAL		321,000	356,000	10.9	

BUTANE RATE PROCEEDING

60781	Southern California Edison	(97,200)	(97,200)	100	+

( ) = Reduction

*General Rate Increase (including Attrition Allowance)
+Offset Rate Proceeding
@Conservation Offset Proceeding
=Other

COMMUNICATIONS PROCEEDINGS

Application Number	UTILITY	Requested Amount	Authorized Amount	Foot Notes	Percent
A. 83-01-022	Pacific Bell: NOI	$1,248,100	$570,900	1	45.74
A. 83-06-065	Pacific Bell: *Access*	1,290,000	1,415,000	2	109.69
A. 83-01-022	AT&T	7,657	(73,500)	3	−959.91
A. 83-07-002	General Telephone: NOI	346,000	150,500	4	43.50
Advice Letter	General Telephone: *Access*	245,800	245,800		100.00
A. 82-09-052	Citizens Utilities Company	8,804	8,785	5	99.78
Advice Letter	Continental Telephone Company	13,304	12,750	6	95.84
TOTAL		3,159,665	2,330,235		73.75

Footnotes

1. Phase I = 445,000
   Phase II = 135,000
   580,000
2. Base revenue requirement = 1,283,000 collected from interexchange carriers i.e. AT&T, MCI, SPRINT, etc.
   Interim incremental premium on AT&T = 132,000
   1,415,000
3. D. 84-06-193 stayed the rate reduction
   T-10849 granted $61,400,000 = 4.167% to offset the 4% Moore Universal Bill
   D.84-07-121 granted 4.21% surcharge & lifted the stay of D.84-06-111.
4. D. 84-07-108 authorized $154,800,000.
   D. 84-10-056 authorized additional $15,700,000 but General had to prove its assertions in further proceedings.
5. Citizens $7,644,000 (NOI) + $1,160,000 (Attrition) = $8,804,000.
   Authorized $8,342,000 (NOI) + $443,000 (Attrition) = $8,785,000.
6. Attrition = 10,232,000
   Pacific Depreciation Represcription = 2,518,000
   12,750,000

WATER PROCEEDINGS
(Large Companies)

Application No.	Decision No.	Utility	District	Requested	Rate Increase Authorized [a]	Percent
83-03-65	83-12-038	Cal WSC	Bakersfield	$2,419,000	$978,900	40.5%
83-03-66	83-12-038	Cal WSC	Chico-Hamilton	851,900	466,300	54.7
83-03-67	83-12-038	Cal WSC	Salinas	943,700	435,200	46.1
83-03-68	83-12-038	Cal WSC	San Mateo	1,519,900	726,100	47.8
83-03-69	83-12-038	Cal WSC	Selma	265,300	165,600	62.4
83-03-70	83-12-038	Cal WSC	Stockton	2,315,000	1,183,500	51.1
83-03-71	83-12-038	Cal WSC	Visalia	1,059,200	569,300	53.7
83-06-01	84-01-042	San Jose WW		9,877,900	7,428,600	75.2
83-07-01	84-03-055	Dominguez W Corp		2,291,500	839,800	36.6
NOI 101-W	Res. W3168	Cal WSC	King City	121,600	67,300	55.3
82-10-11	83-08-006	So Cal	Barstow	858,300	354,400	41.3
82-10-11	83-08-006	So Cal	Desert	962,800	627,000	65.1
82-10-11	83-08-006	So Cal	Metro	4,296,200	1,365,200	31.8
82-10-11	83-08-006	So Cal	San Bernardino	629,500	250,300	39.8
82-12-16	83-08-060	Cal Amer	Beverly Hills	603,300	470,100	77.9
82-12-17	83-08-061	Cal Amer	Duarte	918,200	530,500	57.8
82-12-18	83-08-054	Cal Amer	Village	2,520,500	1,899,200	75.4
82-12-19	83-08-052	Cal Amer	San Marino	1,536,700	1,097,900	71.4
83-02-36	83-10-022	San Gabriel	Los Angeles County	3,220,600	1,566,000	48.6
83-09-047	84-05-058	Park Water	Century Basin	2,217,443	1,485,300	67.0
83-08-29	84-06-095	Suburban	San Jose	3,800,900	1,806,700	47.5
83-08-29	84-06-095	Suburban	Whittier	2,021,700	1,167,200	57.7
83-10-091	84-06-091	Cal Amer	Coronado	1,170,500	518,100	44.3
TOTAL				$46,421,643	$25,998,500	56.0%

[a] General rate case, three year step increase

WATER PROCEEDINGS
(Small Companies)

Application No.	Decision No.	Date	Utility	Rate Increase Requested	Rate Increase Authorized	Percent
83-01-54	83-09-075	09-30-83	Water West Corp.	$131,571	$98,550	74.90%
60303	83-10-008	10-05-83	Francis Land & Water	175,100	52,500	29.98
83-01-35	83-10-45	10-19-83	South. Calif. Edison	1,111,000	927,000	83.44
83-05-05	84-03-039	12-22-83	East Pasadena Wtr. Co.	412,040	223,600	54.27
83-03-19	84-03-060	03-21-84	Winton Water Co.	117,002	76,160	65.09
82-06-55	84-04-007	04-04-84	Temescal Water Co.	170,572	56,900	33.36
Total				$2,117,285	$1,434,710	67.76%
Total Large Water Companies				$46,421,643	$25,998,500	56.0 %
Total Small Water Companies				2,117,285	1,434,710	67.76%
GRAND TOTAL (WATER)				$48,538,928	$27,433,210	56.2 %

TOTAL WATER PROCEEDINGS
HYDRAULIC BRANCH

Type of Proceedings	No. of Proceedings	Increase Total Annual Revenues
Water		
General Rate Increases (Formal Decisions)	7	$1,434,710
General Rate Increases (Advice Letters)	20	400,353
Offset Rate Increases (Advice Letters)	14	487,970
TOTAL	41	$2,323,033

ELECTRIC PROCEEDINGS

Application No.	Utility	Rate Increase ($) Requested	Rate Increase ($) Authorized	Percent	
60700/1	Pacific Gas & Electric	5,475,713	5,475,713	100	@
61138	Southern California Edison	93,200,000	93,200,000	100	*
82-01-59	Pacific Gas & Electric	3,766,000	2,732,000	72.5	@
82-02-40	Southern California Edison	881,165,000	481,700,000	54.7	+
82-04-50	C. P. National	273,888,000	273,888,000	100	*
82-12-07	Southern California Edison	(5,000,000)	(5,000,000)	100	@
82-12-48	Pacific Gas & Electric	630,353,000	228,694,000	36.3	*
82-12-57	San Diego Gas & Electric	54,500,000	9,965,000	18.3	*
82-12-57	San Diego Gas & Electric	(2,300,000)	(2,300,000)	100	@
82-12-57	San Diego Gas & Electric	(1,622,390)	(1,622,390)	100	+
83-03-36	Southern California Edison	(66,700,000)	(147,000,000)	220.4	+
83-03-56	San Diego Gas & Electric	(79,900,000)	(54,200,000)	68.0	+
83-04-19	Pacific Gas & Electric	190,705,000	20,823,000	11.0	+
83-07-16	San Diego Gas & Electric	(47,600,000)	(26,600,000)	55.9	+
83-08-42	Southern California Edison	(206,900,000)	(206,900,000)	100	+
83-11-31	Southern California Edison	(170,000,000)	(177,300,000)	104.3	+
TOTAL		1,553,030,323	495,555,323	32.0	
Pass Through Increases		501,089,323	(110,191,677)	−21.99	+@
General Rate Increases		1,051,941,000	605,747,000	57.6	*
TOTAL		1,553,030,323	495,555,323	32.0	

( ) = Reduction
* General Rate Increase (including Attrition Allowance)
+ Offset Rate Proceeding
@ Conservation Offset Proceeding

TYPICAL GAS, ELECTRIC AND TELEPHONE BILLS
25 LARGEST CITIES IN THE UNITED STATES

City	Population 1980 Census	Gas 70 Th	Electric 500 kWh	Telephone Flat Rate	Total Bill
Seattle	493,846	$51.55	$10.17(4)	$12.89	$74.61
Memphis	646,356	32.88	25.87(4)	13.15	71.90
SAN FRANCISCO	678,974	42.83	34.77	8.25(1)	85.85
Denver	491,396	40.28	40.23	7.82	88.33
New Orleans	557,482	36.06	33.66	13.40	83.12
Dallas	904,078	34.75	42.87	10.40	88.02
SAN JOSE	625,763	46.76	32.17	8.25(1)	87.18
San Antonio	785,410	37.54	37.46(4)	9.85	84.85
LOS ANGELES	2,966,763	53.43	29.41(4)	8.25(1)	91.09
Jacksonville	540,898	44.06	40.02(4)	11.25	95.33
Indianapolis	700,807	59.37	33.21	15.54	108.12
St. Louis	453,085	45.48	36.25	11.60	93.33
Phoenix	764,911	46.95	48.00	11.05	106.00
Detroit	1,203,339	47.84	32.96	11.86	92.66
Houston	1,594,086	42.59	40.58	11.05	94.22
Chicago	3,005,072	39.06	56.86	4.50(2)	100.42
Baltimore	786,775	51.64	39.89	16.49	108.02
Washington, D.C.	637,651	57.41	30.19	12.49	100.09
Columbus	654,871	48.17	37.41	14.95	100.53
Milwaukee	636,212	49.36	36.49	17.50	103.35
Cleveland	573,822	38.53	51.14	14.95	104.62
Philadelphia	1,688,210	49.97	53.99	12.28	116.24
Boston	562,994	53.65	59.75	11.90	125.30
SAN DIEGO	875,504	59.26	58.92	8.25(1)	126.46
New York	7,071,030	61.51	82.95	7.03(3)	151.49

(1) Effective July 1, 1984
(2) Flat rate not offered. Access only, usage packages available at additional charge.
(3) Flat rate not offered. Plus $0.87 wire maintenance charge and $1.21 wire investment charge. Unlimited residence message rate service to points within the PCA; includes a monthly allowance of $4.00 for local calls.
(4) Public power utility.

RATE CASE PROCESSING PLAN

Major Energy Utilities	Status	Days Plan	Days Actual
1. Pacific Gas and Electric Co. A.82-12-48	NOI-78 filed: 10/21/82	–60	–60
	App. filed: 12/20/82	1	1
	Prehrg. Conf.: 1/28/83	40	40
	Public Witness Hearings Held: 5/9–5/12/83, 6/6–6/9/83	150–160	140–171
	Completion: 7/22/83	200	214
2. San Diego Gas & Electric Co. A.82-12-57	NOI-79 filed: 10/25/82	–60	–60
	App. filed: 12/24/82	1	1
	Prehrg. Conf.: 2/2/83	40	40
	Completion: 7/22/83	200	200
3. Sierra Pacific Power Co. A.82-08-43	NOI-76 filed: 7/19/82	30	30
	App. filed: 8/19/82	1	1
	Public Witness Hearings Held: 10/13/82–10/20/82	56–57	53–62
	Completion: 10/20/82	72	62

MAJOR GAS & ELECTRIC UTILITIES
APPLICATIONS FILED FOR OFFSETS & GENERAL RATE INCREASES

Company	*Type of Proceeding*	*Application Number*	*Date Filed*	*Amount Requested*
				(M$)
Pacific Gas and Electric Company	GAC	8308038	8/15/83	(13,200)
	Humboldt	8309049	9/19/83	29,149
	GAC	8403007	3/02/84	186,600
	ECAC	8404028	4/06/84	816,900
	ECAC/AER	8406014	6/06/84	(402,900)
	Diablo	8406014	6/06/84	699,800
TOTAL				1,316,349
San Diego Gas & Electric Company	ECAC	8307016	7/08/83	(47,600)
	Songs II	8310012	10/06/83	40,000
	Songs II	831109	10/04/83	111,800
	Southwest Powerlink	8212001	12/01/83	43,333
TOTAL				147,533
Southern California Edison Company	Songs	8202040	10/04/83	288,000
	Songs III	8310036	10/21/83	477,300
	Songs II	8202040	10/04/80	130,000
	ECAC	8311031	11/10/83	160,000
	General	8312053	12/29/83	320,000
	ECAC	8402011	2/06/84	157,000
TOTAL				1,532,300
Southern California Gas Company	General	8402025	2/15/84	194,500
TOTAL				194,500

OPERATING REVENUE OF LARGE UTILITIES IN CALIFORNIA
Years 1974 through 1983

End-of-Year	Gas [1]	Steam	Electric [2]	Water	Telephone [3]	Total	Annual Increase
			(Dollars in Thousands)				
1974	$1,473,583	$1,837	$2,690,982	$123,659	$2,574,460	$6,864,521	16%
1975	2,023,325	2,747	3,069,852	135,638	2,850,650	8,082,212	18
1976	2,215,931	3,342	3,549,868	156,292	3,500,196	9,425,629	17
1977	2,596,509	3,327	4,437,762	151,587	3,875,405	11,064,590	17
1978	2,806,942	3,834	4,943,436	161,986	4,267,539	12,183,737	10
1979	3,796,111	3,786	5,038,932	178,173	4,640,500	13,657,502	12
1980	5,024,015	4,315	7,199,207	199,744	5,371,553	17,798,834	30
1981	5,709,779	5,214	8,176,299	220,281	6,299,403	20,410,976	15
1982	6,874,163	7,130	9,400,542	235,114	7,385,532	23,902,481	17
1983	7,116,775	7,099	9,019,897	253,990	7,798,040	24,195,801	3
Annually Compounded Growth Rate 1974–83	19.1%	16.2%	14.4%	8.3%	13.1%	15.0%	-

[1] Revenue less interdepartmental sales
[2] Revenue less interdepartmental and resale
[3] Intrastate

UTILITY PLANT OF LARGE UTILITIES IN CALIFORNIA
Years 1974 through 1983

End-of-Year	Gas	Steam	Electric	Water	Telephone [2]	Total	Annual Increase
			(Dollars in Thousands)				
1974	$2,873,115	$7,073	$9,787,542	$649,666	$8,349,379	$21,666,775	6%
1975	3,048,225	7,209	10,308,529	675,697	9,147,861	23,187,521	7
1976	3,243,001	9,989	10,839,445	689,946	9,868,591	24,650,972	6
1977	3,402,538	10,385	11,462,374	726,664	10,679,353	26,381,314	7
1978	3,571,350	10,485	12,235,252	789,126	11,676,421	28,282,634	7
1979	3,764,462	10,623	12,895,178	810,625	12,791,650	30,272,540	7
1980	4,001,702	10,828	13,741,226	866,479	14,507,234	33,127,469	9
1981	4,273,531	10,284	14,718,839	863,836	15,964,162	35,830,652	8
1982	4,492,925	10,730	15,715,885	912,587	17,725,438	38,857,565	8
1983	4,764,054	15,565 [1]	18,919,338	907,829	18,625,162	43,231,948	11
Annually Compounded Growth Rate 1974–1983	5.8%	9.2%	7.6%	3.8%	9.3%	8.0%	-

[1] Previously, majority of plant was allocated to Electric Department for electric production.
[2] Intrastate

CUSTOMERS OF LARGE UTILITIES IN CALIFORNIA
Years 1974 through 1983

End-of-Year	Gas	Steam	Electric	Water	Telephone *	Total	Annual Increase
			(Customers in Thousands)				
1974	6,258	0.4	6,252	1,068	9,706	23,284	–
1975	6,417	0.4	6,404	1,099	10,051	23,971	3
1976	6,556	0.3	6,577	1,124	10,495	24,752	3
1977	6,722	0.3	6,795	1,106	11,094	25,717	4
1978	6,894	0.3	7,007	1,124	11,722	26,747	4
1979	7,067	0.3	7,233	1,138	12,696	28,134	5
1980	7,203	0.3	7,420	1,150	12,886	28,659	2
1981	7,328	0.3	7,546	1,100	13,325	29,299	2
1982	7,384	0.3	7,624	1,004	13,498	29,510	1
1983	7,438	0.3	7,725	942	13,938	30,043	2
Annually Compounded Growth Rate 1974–1983	1.9%	(3.1%)	2.4%	(1.4%)	3.7%	2.6%	–

*Intrastate

STATISTICAL SECTION

TRANSPORTATION

TARIFF & LICENSE BRANCH

Tariff and Contract Filings	Number of Carriers
Adopted Minimum Rate Tariffs and Transition Tariffs	2,108
Participate in Bureau or Agency Tariffs	1,600
Publish Own Tariffs	216
File Subhaul Affidavits	3,392
Contracts on File	1,786

Tariff Filings	Number of Carriers	Number of Tariffs on File
Railroads	32	201
Highway Common Carriers	7,928	2,548
Cement Carriers	177	
Express Corporations	13	82
Freight Forwarders	30	41
Vessels	8	11
Pipelines	7	28
Carloading Companies	1	1

DISTRICT OFFICE ACTIVITIES

	Amount
Telephone Inquiries	100,935
In Person Inquiries	35,145
Applications for New Operative Authority Processed	4,867
Amendments of Existing Operating Authority Processed	203
Remittances Processed (fees, fines, penalties, etc.)	$1,634,366

SUMMARY OF INVESTIGATIONS COMPLETED

	Number
OPERATING AUTHORITY	
Highway Carriers of Property	4,289
Charter Party Passenger Carriers	1,034
RATE AND TARIFF	
Highway Carriers of Property	1,957
Surety Bond Investigations	1,444
TOTAL Investigations	8,724

SUMMARY OF INFORMAL COMPLAINTS

	Number	Amount
Delinquent Subhaul Monies Secured from Prime Carriers	141	319,472
Household Goods Carrier Complaints	669	
Property Complaints other than Household Goods	1,467	
Household Goods Overcharge Settlements	162	44,958
Other Property Overcharge Settlements	34	27,151
Household Goods Loss & Damage Settlements	64	19,623
Other Property Loss & Damage Settlements	36	24,205
Household Goods Carrier Fines	32	5,999

INFORMAL DISCIPLINARY ACTIONS

Type of Action	Number	Amount	Fines Assessed
Carrier Conferences			
Certificated	41	$	$
Radial & Contract	173		
Household Goods	45		
Dump	77		
Other	83		
TOTAL	419		
District Attorney Citations			
Certificated	0		
Radial & Contract	3		
Household Goods	16		
Dump	0		
Other	2		
TOTAL	21		
Misdemeanor Convictions			
Certificated	0		0
Radial & Contract	30		10,450
Household Goods	8		2,625
Dump	6		3,700
Other	21		6,065
TOTAL	65		22,840
Undercharge Letters	16	6,994	
Overcharge Letters	13	3,722	
Citation Forfeitures	171		134,450
Undercharge Citations	54		234,110

FORMAL INVESTIGATION PROCEEDINGS

Formal Cases submitted 22. O.I.I.'s issued by the Commission 12.

FORMAL DISCIPLINARY ACTIONS

9 Decisions Totaling: Punitive $38,750.00; Undercharges $124,648.00; Underpayments to Subhaulers $13,039.
Totaling $176,437 in fines ordered.
Collected from Formal Cases $68,473.

NUMBER OF SHIPMENTS COMPLETED

	Formal	Undercharge Citation	Priority	Non-Priority
RAU	2,136	4,260	497	217

INSURANCE AND BOND FILINGS OF HIGHWAY CARRIERS OF PROPERTY

Public Liability and Property Damage	30,670
Cargo Insurance (Household Goods Carriers)	1,534
Insurance Cancellations	25,938
Insurance Reinstatements	2,803
Surety Bond and C.O.D. Bonds	1,088
TOTAL	62,033

GRADE CROSSING ACCIDENTS

	Number of Accidents	Persons Killed	Persons Injured
Vehicle—Train Accidents			
Vehicle—Train at Public Crossings	291	12	81
Vehicle—Train at Private Crossings	41	2	8
Subtotal	332	14	89
Other Accidents			
Miscellaneous	16	2	4
Pedestrian Accidents	15	7	8
Subtotal	31	9	12
TOTAL	363	23	101

"Vehicle" includes automobile, bus, truck, or motorcycle.
"Between Crossings" accidents take place where railroad trains operate logitudinally in paved streets.
"Miscellaneous" includes those accidents where the train struck a bicycle, farm tractor or similar conveyance, and those incidents involving a maintenance train.

HIGHWAY CARRIER OPERATING AUTHORITIES
PROCESSING OF HIGHWAY CARRIER PERMITS AND CERTIFICATION

Permits	
New Permits	4,187
Transfers	1,510
Revocations	4,437
Motor Transportation	
Broker Licenses	4
TOTAL	10,138

Certificates	
New Certificates and Extensions	59
Transfers	180
Revocations	833
TOTAL	1,072

SUMMARY OF GRADE SEPARATION PROGRAM

Name of Project	Local Agency	RR	State's Share
Haven Avenue UP	Ontario	SP	$1,250,000.00
Harbor Street UP	Pittsburg	AT&SF	1,564,000.00
Lvmr-Alta. Consolidation	Livermore	WP&SP	* 985,066.90
SUPPLEMENTALS			11,200,933.10
			$15,000,000.00
Union-24th Street	Bakersfield	SP	$2,958,638.23
Durham Grimmer	Fremont	SP&WP	1,248,000.00
Lemon Street UP	Fullerton	SFe&UP	547,026.15
Chester Avenue UP	Bakersfield	SP	1,363,931.30
Van Buren UP	Riverside	SFe	1,139,196.65
Ashlan Avenue	Fresno	SP	1,460,450.10
Crenshaw Blvd.	Torrance	SFe	1,127,160.39
A Street	Hayward	SP	1,328,000.00
El Segundo Blvd. UP	Los Angeles Co.	SFe	2,783.41
Bridge Street OH	Oroville	WP	25,746.87
Haven Avenue UP	Ontario	SP	1,250,000.00
Harbor Street UP	Pittsburg	AT&SF	1,564,000.00
Lvmr-Alta. Consolidation	Livermore	WP&SP	* 985,066.90
TOTALS			$15,000,000.00
Amount Available July 1, 1983			$15,000,000.00
Allocations for 1983-84 FY			$15,000,000.00
BALANCE			0.00

* Total Amount Requested $5,000,000.00

AUTOMATIC PROTECTION INSTALLED AT GRADE CROSSINGS—1983

County	New Crossings With Automatic Protection	Initial and Improved Automatic Protection	Automatic Gates (Included in Columns I & II)
Alameda	1	1	1
Butte	–	1	1
Contra Costa	1	–	1
El Dorado	–	–	–
Fresno	–	1	1
Glenn	–	1	1
Kern	–	3	3
Los Angeles	6	11	12
Madera	–	2	2
Merced	–	1	1
Orange	1	2	1
Riverside	–	5	3
Sacramento	1	–	1
San Bernardino	–	5	4
San Diego	–	2	2
San Joaquin	1	2	3
San Luis Obispo	–	1	1
San Mateo	1	–	–
Santa Clara	2	2	3
Solano	1	–	1
Stanislaus	–	5	5
Sutter	–	1	1
Tulare	–	2	2
Ventura	–	1	1
Yolo	–	1	–
TOTAL	15	50	51

SUMMARY OF ALLOCATIONS FROM THE CROSSING PROTECTION FUND

Action on Requests	Requests	Total Estimated Cost	Total Allocation Requests	Allocations to Cities-Counties
Approved	2,894	60,412,661	14,085,201	13,551,597
Denied	39	410,479	98,694	–
Pending	2	157,024	33,825	–
Total Requests Filed	2,935	60,980,164	14,217,720	13,551,597
Returned to Fund (Final Cost Less Than Allocations)				$1,445,797
Net Amount Allocated to Cities and Counties				$12,105,800
Total Amount Appropriated				$12,700,000
Unallocated Balance in Fund				$594,200
Pending Allocation Requests				$33,825

SAFETY PROGRAM—RAILROAD OPERATIONS

The table below summarizes the staff functions in dealing with problems and in obtaining compliance with several State statutes and Commission General Orders applying to the health and safety of common carrier railroads, operating and non-operating employees, passengers, and the public.

	1979–80	1980–81	1981–82	1982–83	1983–84
1. Accident Reports analyzed and tabulated (calendar year)	3,235	3,180	3,025	2,613	2,335
2. Accidents investigated in detail (calendar year)	187	213	175	198	171
3. Impaired clearance conditions processed	1,470	825	533	320	(2) 512
4. Walkways and other unsafe conditions processed	2,047	1,686	1,057	891	(2) 1,180
5. Informal Complaints filed	180	238	158	102	(1) 79
Informal Complaints closed	–	–	872	125	117
6. Supplemental Surveys	–	–	1,196	2,034	1,786
7. Federal Safety Standards Unit Equip. Inspections	–	–	248	336	298
Track Inspections	–	–	76	250	147

1982–1983 figures on the graph above highlight several trends that are ongoing in the work performed by the Railroad Operations and Safety Section.

(1) Railroad Accident Reports and Informal Complaints received by the Commission have declined in number reflecting the reduced operating hours worked by railroad employees during the current economic recession.

(2) Railroads are not correcting impaired clearances and inadequate walkway conditions as fast as they have in recent past years as noted by the declining numbers of these conditions processed by the staff for closing. This is due in large part to heavy carrier cut backs of employees in the Maintenance of Way area during the current period of reduced economic activity.

CALIFORNIA QUAIL

DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE SERVICES

NEW AIRPORT ACCESS PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued to	Service Locations
82-11-063	83-09-092	M. F. Sims (Sims Executive Van Service)	Biltmore Hotel and Los Angeles International Airport
83-01-144	83-09-051	Hudson Aviation Services, Inc.	Beverly Hills, et al. and Los Angeles International Airport
83-02-20	83-10-084	Metro Paratransit Co. (Celebrity Mini Tours Co.)	Los Angeles County and Los Angeles International Airport
83-03-016	84-01-062	Luxe Livery Service, Inc.	Los Angeles County and Los Angeles International Airport
83-03-034	83-11-111	K. Noori Eslami (Express Airport Service)	Los Angeles and Los Angeles International Airport
83-03-078	83 10-027	J. R. Gimenez (Camino Real Express)	Orange County, et al. and Los Angeles International Airport
83-03-086	83-09-049	Luis Limo Charter	Glendale, et al., and Los Angeles International Airport
83-04-050	83-08-022	P. Brock	Grass Valley, et al. and Sacramento Metropolitan Airport
83-04-062	83-09-042	M. S. Tracey (Inland Express Services)	Riverside, et al., and Los Angeles International Airport
83-05-019	83-09-088	The Limo Connection	San Fernando Valley and Burbank Airport
83-06-049	83-03-041	Northstar Enterprises (Beale Shuttle Service)	Beale Air Force Base, et al. and Sacramento Metropolitan Airport
83-09-004	84-03-030	C. V. Palminteri, et. al. (AMPM Airporter Transit)	Los Angeles County, et.al., and Los Angeles International Airport, et al.
83-09-015	84-01-025	R. L. Miller (Country Club Limousines)	La Quinta, et al., and Ontario Airport, et al.
83-09-016	84-02-028	W. Carrol (Airport Stage Lines)	Fallbrook
83-09-045	83-11-116	Sonoma Airporter, Inc.	San Rafael
83-11-002	84-03-029	24 Hour Airport Express, Inc.	Mission Viejo, et al. and John Wayne Airport

NEW HOME-TO-WORK PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued to	Service Locations
83-06-058	83-08-069	Commuter Bus Lines, Inc.	Mira Loma and Downey, et al.
83-08-027	83-09-085	Vavra, L. G.	Manteca and United Airlines Maint. SFO
83-08-034	83-09-050	Amcar	Fairfield and S.F.
83-08-035	84-04-039	Vista CA Tours, Inc.	Pacifica, San Bruno, et al.
83-08-050	83-10-028	Guiton	Contra Costa County and S.F.
83-11-009	84-04-085	Mansel, J. R.	S. Martin and Sunnyvale
83-11-059	84-01-059	Marvic Mate Arvin	Sherman Oaks to Hawthorne
83-11-062	84-01-058	Houck	Marin County and S.F.
83-12-006	84-02-034	Antelope Valley	Santa Clarita Valley and L.A.
83-12-058	84-02-085	Price, C.	Fairfield and Mare island
84-01-025	84-03-033	Denkins, A.	Pittsburgh to Alameda Naval Air
84-02-026	84-03-100	Renni, S.	Antioch to S.F.
84-02-031	84-03-101	Snoddy, V. L.	Ft. Irwin to Barstow
84-03-071	84-05-069	Price, R. I.	Dinuba and Fresno
84-04-031	84-05-093	Blizzard, J.	Fairfield and United Airlines Maint. SFO
84-04-086	84-06-049	West	Riverside and Daggett

NEW INTERCITY PASSENGER STAGE SERVICE

Application Number	Decision Number	Certificate Issued to	Service Locations
83-03-007	83-07-043	West Shores Leasing Corp.	San Diego and Los Angeles
83-04-051	83-07-032	Brush Emslie Enterprises	Western San Gabriel Valley and Huntington State Beach
83-05-004	83-10-060	Emerald Transportation Systems, Inc.	Los Angeles County and Santa Barbara County, et al.
83-06-014	83-08-068	R. C. Cobb (California Yosemite Tours)	Merced and Yosemite National Park
83-06-020	83-07-031	Commuter Bus Lines, Inc.	Sacramento County and Cal Expo
83-08-007	83-10-066	R. C. Cobb (California Yosemite Tours)	Fresno and Yosemite National Park, et al.
83-12-018	84-05-091	D. J. Wynne, et al. (Winners Transportation)	Los Angeles County
83-12-020	84-04-071	G. B. O'Connell, et al. (Pacific Coast Sightseeing Tours, Ltd.)	Anaheim and Costa Mesa
84-03-049	84-05-089	Lord and Miner, Inc. (Blue and Gold Cab)	Lancaster, et al. and Mojave

FARE INCREASES AUTHORIZED SURFACE PASSENGER CARRIERS

Decision No.	Carrier	Estimated Intrastate Under Present Fares	Annual Revenues Under Proposed Fares
83-07-034	Peerless Stages, Incorporated	450,000	612,000
83-08-028	Surtrans, Inc.	130,700	147,700
83-07-033	24 Hour Airport Express	2,561,000	2,688,700
83-08-029	AA Moorfield	58,800	63,300
83-08-064	Harbor Carriers, Inc.	694,000	839,000
83-10-024	Funbus Systems, Inc.	3,143,094	3,170,469
83-08-030	Melvin F. Sims	62,500	76,192
83-10-073	Travelers Transit Co., Inc.	37,122	49,372
83-09-052	Eureka-Redding Stages, Inc.	535,500	556,500
83-09-053	G. L. Freed	36,415	47,340
83-11-057	Trailways, Inc.	2,117,790	2,435,459
83-11-038	W. J. Pruitt	52,000	66,600
83-10-074	J. Chapman Morris	122,632	124,632
84-06-133	Clifton A. Hodge	38,293	43,093
PE-469	San Pedro Marine, Inc.	1,261,000	1,406,500
84-03-034	24 Hour Airport Express, Inc.	3,259,000	3,367,000
84-05-096	Mendocino Coast Railway, Inc.	666,000	872,000
84-04-086	Golden State Limousine, Inc.	1,203,267	1,323,594
84-04-088	Airport Service Incorporated	12,234,000	14,093,000

Appendix

UTILITIES AND CARRIERS UNDER COMMISSION JURISDICTION

Electric	12
Gas	5
Telephone	25
Telegraph	1
Interexchange	65
Radiotelephone	61
Cellular Radiotelecommunications	1
Cellular Mobile Service Resellers	10
Water	295
Sewer	14
Steam Heat	2
Pipelines	2
Charter-Party Carriers, Certificated	287
Charter-Party Carriers, Permits	1,002
Passenger Stage	330
Highway Common Carriers, Certificated	7,928
Cement Carriers, Certificated	177
Car Loading	1
Freight Forwarders (except by air)	40
Express Corporations	13
Railroads	17
Inland Passenger Water Carriers, Certificated	19
Vessels, Freight, Certificated	8

Permits in force, June 30, 1984 Highway contract carriers, cement contract carriers, household goods carriers, dump truck carriers, livestock carriers, heavy specialized carriers, agricultural carriers, tank truck carriers, vacuum truck carriers, and seasonal agricultural and livestock carriers. 37,088
These permits are held by 22,486 for-hire truck operators.

1983-84 Annual Report

79500-765 10/85 1,500 OSP LDA

THE COMMISSION

LEONARD M. GRIMES, Jr.
President
CARL OSHIRO
Advisor
VICTOR CALVO
Commissioner
ALVIN S. PAK
Advisor
PRISCILLA C. GREW
Commissioner
BRIAN CRAGG
Advisor
DONALD VIAL
Commissioner
LYNN CAREW
Advisor
WILLIAM T. BAGLEY
Commissioner
KRISTINA VEACO
Advisor

EXECUTIVE STAFF

JOSEPH E. BODOVITZ
Executive Director
HOWARD A. SARASOHN
Asst. Executive Director
GEORGE I. CATES
Asst. Executive Director Southern California
MICHAEL A. DOYLE
Asst. Commission Representative Southern California
SANDRA McCUBBIN
Deputy Director Governmental Affairs

POLICY AND PLANNING DIVISION

DUNCAN WYSE
Director

LEGAL DIVISION

JANICE E. KERR
General Counsel
HECTOR ANNINOS
Deputy General Counsel
WILLIAM N. FOLEY
Asst. General Counsel
SHELDON ROSENTHAL
Asst. General Counsel
J. CALVIN SIMPSON
Asst. General Counsel

DIVISION OF ADMINISTRATIVE LAW JUDGES

MARY C. CARLOS
Chief Administrative Law Judge
ROBERT T. BAER
Asst. Chief Administrative Law Judge
JOHN W. MALLORY
Asst. Chief Administrative Law Judge
MARTIN A. MATTES
Asst. Chief Administrative Law Judge

MANAGEMENT SERVICES DIVISION

WILLIAM L. CHRISTIE
Chief

REVENUE REQUIREMENTS DIVISION

BRUNO A. DAVIS
Director
JOHN J. GIBBONS
Asst. Director Financial Analysis Group
MARTIN ABRAMSON
Asst. Director Engineering Analysis Group
THOMAS LEW
Telecommunication and Transportation Branch
KENNETH K. CHEW
Energy Branch (Financial)
JAMES D. PRETTI
Financial Branch
MILTON J. DeBARR, JR.
Cost Monitoring and Federal Branch
ICHARO B. NAGAO
Los Angeles Branch
ANAND V. GARDE
Energy Branch (Engineering)
LOUIS ANDREGO
Communications and Water Branch
RAYMOND J. CZAHAR
Special Economic Projects Section

UTILITIES DIVISION

WILLIAM R. AHERN
Director
EDMUND J. TEXEIRA
Deputy Director
FRANCIS S. FERRARO
Rate Design and Economics Branch
JOHN E. JOHNSON
Energy Service and Safety Branch
WILLIAM R. STALDER
Fuels and Operations Branch
KENNETH J. KINDBLAD
Resource Planning and Projects Branch
GEORGE A. AMAROLI
Energy Conservation Branch
WESLEY FRANKLIN
Hydraulic Branch

COMMUNICATIONS DIVISION

JAMES M. McCRANEY
Director
PAUL POPENOE, JR.
Rates Branch
DEAN J. EVANS
Surveillance Branch

TRANSPORTATION DIVISION

VICTOR R. WEISSER
Director
PAUL J. TRAHAN
Asst. Director
GEORGE T. KATAOKA
Compliance and Enforcement Branch
ROBERT E. WALKER
Freight Economics Branch
TED E. PECEIMER
Tariff and License Branch
WILLIAM H. WELL
Passenger Operations Branch
WILLIAM L. OLIVER
Railroad Operations and Safety Branch

OFFICE OF PUBLIC AFFAIRS

BRUCE H. KENNEDY
Director
WALTER N. THOMPSON
Information Officer
ELIZABETH Y. GNAGNO
Information Officer
CAROLE L. KRETZER
Information Officer Southern California
MARCO VALENTI
Consumer Affairs Branch